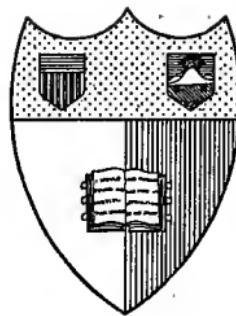


The EFFECT of
WARS & REVOLUTIONS
on
Government Securities
External and Internal

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The EFFECT of
WARS & REVOLUTIONS
on
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External and Internal

BY

E. KERR, *Librarian*

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The EFFECT of
WARS & REVOLUTIONS
on
GOVERNMENT SECURITIES
External and Internal

IN this book are presented a few facts and ideas upon the effect of wars and revolutions on government securities, external and internal, with a brief review of the relations between events, wealth, indebtedness, government bond issues and their prices, of the modern nations. While in any investigation of prices gold production, trade, commerce, exchange, relative amount of paper money and the self sufficiency of the nation under consideration are important factors, it seems best not to complicate this outline of the history of government securities with any discussion concerning them.

Where authorities differ, as in estimated figures such as population, wealth, etc., the most conservative or that most generally accepted has been used. Normal exchange has been used in con-

verting all values into United States dollars.

All public debts are stated as the total indebtedness less cash in treasury, and in many cases the figures include a large non-interest bearing debt. It should also be borne in mind that where indebtedness has been incurred for public improvements, the value of these should be considered as in part balancing that indebtedness. It will be noted that, in the tables of relative growth, dates of change in the world's history have been taken. As the largest countries are also in many respects the most representative, these only have been reviewed.

The first foreign state loan is said to have been that made by Carthage to finance her struggle with Rome for the supremacy of the Mediterranean two thousand years ago, and to the present time nations have continued to tax the future to provide for present necessities, improvements and developments. With the older countries, war would seem to be the chief, in fact almost the only, factor of increase in the public debt; but

with the newer countries, the principal increase has been made for permanent improvements such as railways, canals, etc. The former constitutes a dead weight of debt, while the latter is one which should be less burdensome.

There is, of course, always the question of whether government ownership brings more revenue to the state than that indirectly derived through taxing the somewhat higher income which private ownership usually obtains from the same enterprise. However, in many cases the government debt takes the form of a subsidy to a private company. But in considering public indebtedness, it means at least a debt productive of revenue in itself and sometimes more than self-sustaining.

In very few cases have these obligations been entirely paid off and all indebtedness cleared away, but, on the contrary, they have remained in one form or another as a permanent investment of part of the capital of the world.

In considering the effect of wars and revolutions on the external and internal

loans of countries it is necessary to consider two points—how the equity back of the loan is affected and how the investor's income is affected. There are very few occasions on which the interest on the bonds of responsible governments has been defaulted, repudiated or funded. Only in the case of new and untried governments has this happened except as a result of anarchy and the subsequent repudiation by the responsible incoming administration. Even in this latter case the repudiation has usually been temporary. In the case of South American countries it has sometimes been impossible to pay off a loan at maturity, but the countries' undeniably great natural resources have made this a mere matter of waiting for a more propitious time. The investor's income does not necessarily suffer.

As a rule, although wars and revolutions may retard civilization, they have the immediate effect of stimulating human thought and endeavor. Thus in the case of war, there usually follows a period of expansion and invention in the defeated as well as in the victorious

country. The opening of the West and the industrial development of the South after the Civil War; the stimulation of manufacture and agriculture in both France and Germany as the result of the Franco-Prussian War; the industrial and political awakening of Spain and the stimulation of agriculture and commerce in Cuba, Porto Rico and the Philippines following the Spanish-American War; the introduction of modern ideas on economic development in Japan, together with a serious effort to compete for a place for her products in the world's markets, and the beginning of industrial occupation in Russia resulting from the Russo-Japanese War; all these may be regarded as after effects of war.

In the case of revolution, there is usually a change for the better, a country having generally reached the state where nothing seems worse than existing conditions before such an upheaval is successfully attempted, and a better and, presumably, a more stable form of government eventually comes into being, accompanied by more just and sound

economic conditions. Both of these lead to a better equity behind the bonds of the government.

The only objection to a government bond as distinguished from any other is that in case of non-payment of interest a country cannot be forced into a receivership and the only means of collecting is "by warship."

The present situation created by a war absolutely without precedent in its size, scope, methods and destruction, is so abnormal that it would hardly seem possible for any man to foretell its effects. But if we take past wars as a precedent, then, since this war is on a larger scale than any which have preceded it, the results should be larger; the debts will be greater, but the expansion and stimulation of energies that will follow will also be greater.

The period following the Napoleonic Wars saw an enormous change in the economic, industrial and governmental conditions and methods of the world, while from about that time date most of the debts of the modern nations. The

world's development has been practically steady and continuous since then.

It will be noticed that the prices of government securities have declined since the beginning of the present century. Though due to a variety of causes it is probable that the increased gold production and the many and attractive opportunities for investment in corporations of all kinds have been partially responsible for it.

The United States occupies a unique position in relation to all this in that part of its lowest yield bonds are available as a basis for note circulation, which tends to keep their price on a higher level than would otherwise be the case.

It would seem that, while wars and revolutions have for a short time caused a lowering of prices of government bonds, they have not affected either the income of the investor or the security of the investment, and to those who have bought during the temporary depression of prices they have brought large gains.

It is doubtful if wars, external or internal, have had as much effect on

governmental securities as the economic and financial conditions through which the countries have passed and which have considerably modified the effects of specific events. These, rather than the political dissension, would seem to be determining factors in the rise or fall of the prices of government securities.

GREAT BRITAIN

GREAT BRITAIN at the end of the Napoleonic Wars found herself in the position of a victor who had piled up a huge debt, even though this was in part offset by her gains in colonial territory. This debt, added to that which had been accumulating since the sixteenth century, was funded into the Consolidated Annuities, inaugurated in 1751 and having no maturity, though reducible by purchase. "Consols" have been added to, replaced by new issues, etc., but their interest has always been promptly and fully paid.

On March 31, 1914, British Consols amounted to \$2,851,448,857, with an interest rate of $2\frac{1}{2}\%$, selling around 78. In addition Great Britain had terminable annuities outstanding to the amount of \$145,623,784, which, however, were more than covered by the value of the Suez Canal shares held in the Treasury. Great Britain's maximum debt, previous to 1914, was reached in 1817.

Throughout the years 1805 to 1815 "consols" fluctuated in price, superficially affected by the succession of events, but after Waterloo they rose fairly steadily and continued to do so all through the great political and industrial changes which immediately followed. These changes were so radical as to practically constitute a peaceful revolution; nevertheless, in the period which saw the conversion of Great Britain into a democracy and the replacing of hand labor by machinery, with all the attendant unrest, "consols" reached par, and this in spite of severe labor troubles at home and constant war in India. During this time (1815-1850) Great Britain managed to pay off a considerable portion, about \$1,944,000,000, of the national indebtedness.

The Crimean War in 1853 to 1856 and the Sepoy Rebellion in 1857, followed by the taking over of India by the British Government from the East India Company, caused only a temporary drop in prices and this was followed by another rise to the maximum of 114 in

July, 1896, and of $113\frac{1}{8}$ in 1897-1898, broken slightly when the interest rate was lowered in 1889 from 3% to $2\frac{3}{4}\%$. Even through the Soudan Campaign in 1884 the rise continued.

The Boer War in 1899 to 1901 brought a drop in bond prices which has continued to the present time, partially due, at least, to the financial depression of the last ten years, the depreciation of the purchasing power of money and also perhaps to the many openings for capital in industrial enterprises and foreign government loans.

How much colonial expansion and its consequent addition of opportunities for profitable investment has worked against the attractiveness of "consols" and thus tended to lower their price, it is hard to say, but it would seem as though the acquisition of territory had tended to produce the opposite effect—that of keeping prices up, as shown throughout the Afghan Wars, etc. Wealthy and rich colonies do undoubtedly increase the equity back of a country's obligations, though, as in the case of Great Britain,

they may not be a source of special profit to the home government.

Great Britain is financing the present war as far as possible by taxes, war loans being called for only to meet what the taxes cannot provide.

As the British Government is paying for a part of the supplies needed by her allies, as well as her own and, in addition, is financing them where needed, this debt of the United Kingdom represents in part the credit that has been extended by her to her allies. Just how great the amount of this credit may be is difficult to say, but it probably is around \$4,700,000,000. Though it places Great Britain partly in the creditor nation position, nevertheless she is to a certain extent mortgaging her future.

But although the present per capita debt exceeds that at the close of the Napoleonic Wars, the per capita income and wealth have increased, and the relation between indebtedness and wealth is approximately the same now as in 1815.

In the years following the wars with Napoleon, as stated above, the United

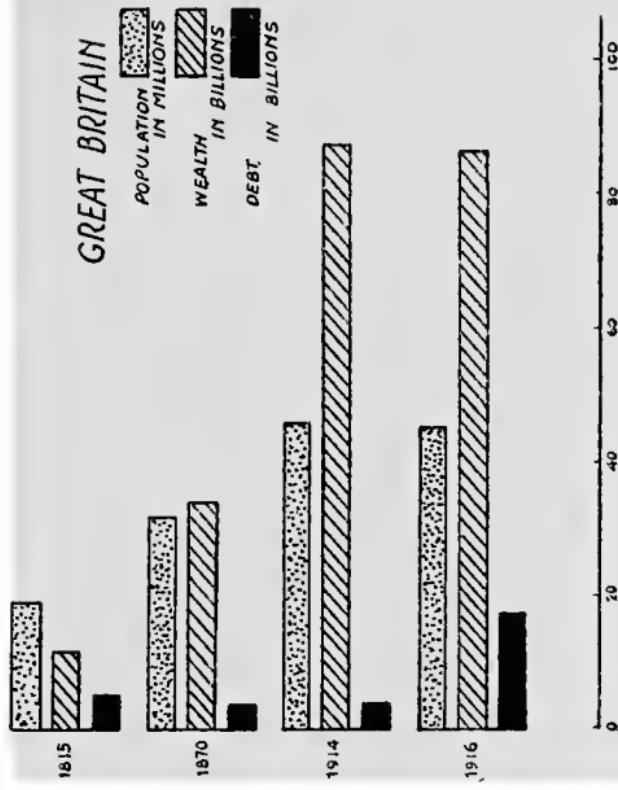
Kingdom paid off about half of the debt incurred through them and this at a time of great political dissension and change, when the nation was expanding in India and elsewhere. What the nation has done once ought to be a fairly safe precedent as to what the empire can accomplish again.

COMPARATIVE DEBT OF GREAT BRITAIN

	Total Debt	Per Capita
1815.....	\$4,320,000,000	241.93
1914.....	3,485,000,000	77.50
1916.....	17,336,000,000	382.00

GREAT BRITAIN

Date	Estimated Population	Estimated Wealth	\$ Debt	\$ Wealth Per Capita	\$ Debt Per Capita	Ratio of Debt to Wealth
1814-15	17,908,000	11,520,000,000	4,320,000,000	643.29	241.93	20.09%
1848-50	27,390,629	26,688,000,000	3,710,400,000	974.35	135.46	13.90%
1870	31,484,661	33,984,000,000	3,844,800,000	1,070.90	122.12	11.40%
1887-90	38,200,000	51,840,000,000	3,350,400,000	1,357.05	87.71	6.45%
1900	40,909,925	56,668,800,000	3,019,098,154	1,385.21	73.80	5.33%
1912-14	45,663,000	86,400,000,000	3,479,070,854	1,892.12	76.19	4.03%
1916	.....	.....	.....	.....	382.00	21.90%



18 SOME QUOTATIONS ON BRITISH CONSOLS

NAME %	CONSOLIDATED STOCK					
	3% — 2½% — 2½%					
Year	High	Low	Year	High	Low	
1814	67½	54½	1865	91½	86½	
15	72½	61½	66	90½	84½	
16	65½	53½	67	96½	89½	
17	84½	62	68	96½	91½	
18	82	73	69	91½	91½	
19	79	64½	1870	94½	88½	
1820	70½	65½	71	94	91½	
21	78½	68½	72	93½	91½	
22	83	75½	73	94	91½	
23	85½	72	74	93½	91	
24	96½	84½	75	95½	92½	
25	94½	75	76	97½	93½	
26	84½	73½	77	97½	93	
27	89½	76½	78	98	94½	
28	88½	80½	79	99½	94½	
29	94½	85½	1880	100½	97½	
1830	94½	77½	81	103	98½	
31	84½	74½	82	102½	99	
32	85½	81½	83	102½	99½	
33	91½	84½	84	102½	98½	
34	93	87½	85	101½	94½	
35	92½	89½	86	102½	99½	
36	92½	86½	87	103½	99½	
37	93½	87½	88	103½	98½	
38	95½	90½	* 89	99½	96½	
39	93½	89½	1890	98½	93½	
1840	93½	85½	91	97½	94½	
41	90½	87½	92	96½	93½	
42	94½	88½	93	98½	95½	
43	97½	92½	94	102½	97½	
44	101½	96½	95	108½	103½	
45	101½	91½	96	114	105½	
46	97½	94	97	113½	105½	
47	93½	78½	98	113½	106½	
48	90	80	99	111½	97½	
49	98½	88½	1900	103½	96½	
1850	98½	94½	01	97½	91	
51	99½	95½	02	97½	82½	
52	102	95½	03	93½	86½	
53	101	90½	104	91½	85	
54	95½	85½	05	91½	87½	
55	93½	86½	06	91½	85½	
56	95½	85½	07	87½	80½	
57	94½	86½	08	88½	83½	
58	98½	94½	09	86	82½	
59	97½	88½	1910	83½	78½	
1860	95½	92½	11	82½	76½	
61	94½	89½	12	79½	72½	
62	94½	91½	13	75½	71½	
63	94	90	14	80½	68	
64	92	87½	15	76½	54	
			16	62½	50	

*Reduced to 2½%.

†Reduced to 2½%.

FRANCE

IN France the wars of the early nineteenth century left very little debt, due to the shrewd management of Napoleon, who believed in making war pay its own way. The restored Bourbons, however, had large indemnities to pay to their allies and the émigrés, and as they also, to their great credit, refused to repudiate the imperial expenditures and deficit, the principal of debt, in 1815, amounted to \$248,320,000.

The main portion of the funded debt, as in England, is perpetual. The total amount of bonds at the beginning of the present war amounted to \$4,252,910,182 of "Rentes Perpetuelle" and \$657,338,930 of "Rentes Amortissable," both having since 1883 an interest rate of 3%, and formed the largest public debt, absolutely and per capita, of the world.

After 1815 France passed through a period of political turmoil which lasted until the Coup d'Etat of 1851 that placed Napoleon III on the throne. By 1830

the price of Rentes had gone to a premium, being 102, but the July Revolution of 1831 caused a drop to 84, which, however, was transient and by 1845 the 5% Rentes were selling for 122.85, the 4% for 110.5 and the 3% for 86.4. But the Revolution of 1848 brought about the lowest price since the Napoleonic Wars, the 5% dropping to 50 and the 3% to 32½. Again a steady rise occurred, until in 1870 the 3% Rentes were selling at 75.10, and this in spite of the Crimean, Mexican and Italian Wars. Throughout this period the Rothschilds had a practical monopoly of the flotation of the government loans.

Railway bonds had dropped abruptly in 1848, due to the inability of the people to understand the huge sums needed for construction, but the Second Empire undertook to guarantee the principal of the bonds of the six great trunk lines, and in 1857-59 the credit of these roads rose rapidly, although France was then at war in the Crimea.

The Franco-Prussian War caused a heavy fall in quotations, the 3% Rentes

dropping to 50.35, but although France went through the heaviest strain of war financing known up to that time, besides the revolution once more creating a republic and two funding operations which reduced the interest rates to 3%, the price of her bonds recovered until in 1897 they reached their maximum of 105.25, remaining above or near par until the beginning of the present war.

The Franco-Prussian War cost France \$1,746,000,000 and the payment of the war indemnity, demanded by Germany, is a proof of the resilience of a great nation. This was fixed at \$970,000,000 which was lowered as far as actual cash was concerned by a small amount already paid by the City of Paris and the value, estimated at \$63,050,000, of the railways of the conquered provinces. Besides this, \$24,650,000 was to be in the bank notes of the Bank of France, a private institution which cooperates with the government. Thus \$941,103,055 (including interest) was actually paid to Germany inside of two years.

Most of this amount was raised by two

internal loans. In 1871 the government issued a call for subscriptions to an issue of 5% Rentes representing a principal of \$388,000,000 at the price of 82.5, which was subscribed twice over; and the second issue, of 1872, also for 5% Rentes representing \$388,000,000 principal and issued at 84.5, received in advance subscriptions amounting to \$8,536,000,000; \$5,044,000,000 represented foreign capital and \$3,412,000,000 that of France. And this was less than two years after a disastrous war and the Communist insurrection.

The reason for this excellent public credit is to be found in the steady, vigorous economic activity which came as the reaction to these disasters; and in the fact that the Bank of France had been so ably managed that in spite of its forced loans to the Communists (which were largely a total loss) and its advances to the City of Paris and the Government of France of \$291,000,000, its credit was good. By 1874 Rentes were once more quoted at par.

During the nineteenth century France

had been extending her colonial possessions in Algeria, Tunisia, Anam, Tonkin, the French Congo, etc., and much money had been spent on the various wars of conquest thus necessitated. But they are colonies which contain much natural wealth and so have added to that of the nation at large.

The critical years of France and the interest charge on the outstanding funded debt of the country at each of these periods was as follows:—

1814	\$12,281,681
1830	39,188,000
1848	47,336,000
1851	46,948,000
1870	77,988,000
1914	127,458,000

As the public debt of France is perpetual, in theory at least, it is usually stated on its interest basis.

The faith of the small investor of France, always partial to safe rather than highly remunerative investments, is shown in the fact that there are estimated to be over 4,500,000 individual owners of Rentes in France.

France is financing the present war out of the savings of her people—that is, by the issuing of Rentes, war loans, etc. There has been little increase in taxation. At the close of the Napoleonic Wars the country had a comparatively small debt. The population at that time was 70% of the present one so that the public debt per capita shows an unusually large proportionate increase compared with other countries whose population has increased 300% or more during the century.

The strength of the present situation lies in the fact that the country's resources for additional revenue from taxes are almost untouched, and it is well to remember that the small investor in France has always been partial to government securities. France, to a large extent, is capitalizing her thrifty past.

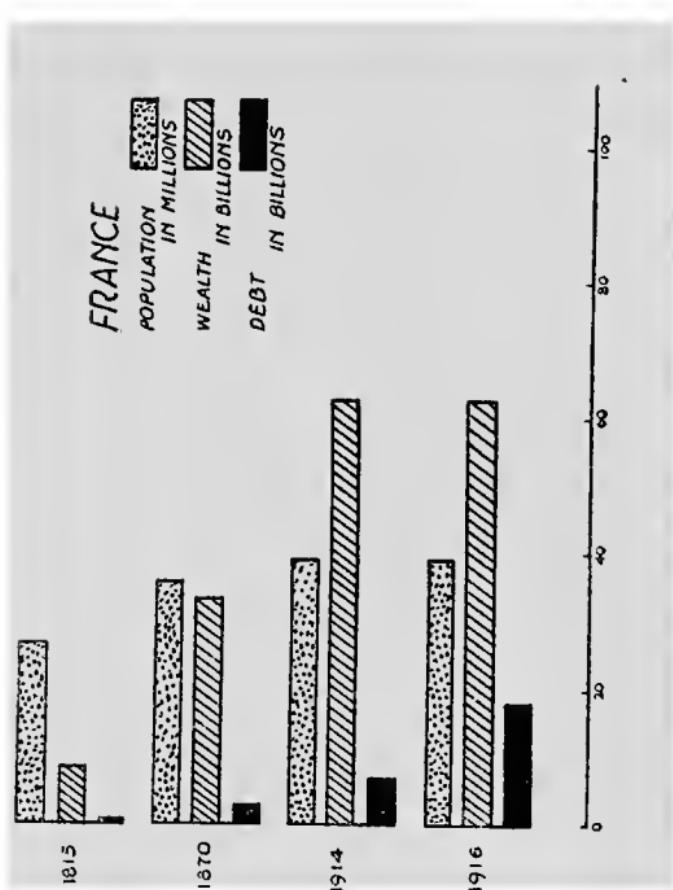
COMPARATIVE DEBT OF FRANCE

	Total Debt	Per Capita
1815.....	\$339,096,000	\$12.55
1914.....	6,607,000,000	159.95
1916.....	18,005,000,000	455.00

THE EFFECT OF WARS ON

FRANCE

Date	Estimated Population	Estimated Wealth	Debt	Wealth Per Capita	Debt Per Capita	Relation of Debt to Wealth
1814-15	26,930,756	8,640,000,000	339,096,000	309.34	12.55	4.05%
1848-50	29,871,176	17,714,700,000	1,248,000,000	533.66	4.2.79	8.02%
1870	36,000,000	33,600,000,000	2,419,200,000	933.33	78.20	8.38%
1887-90	38,800,000	42,720,000,000	6,091,200,000	1,101.03	146.98	13.35%
1900	38,517,975	46,512,000,000	5,193,834,520	1,207.51	135.36	11.21%
1912-14	39,660,000	62,400,000,000	6,343,622,400	1,573.37	159.95	10.17%
1916	...	...	18,005,000,000	...	455.00	28.90%



30 SOME QUOTATIONS ON FRENCH RENTES

NAME	PERPETUELLE					
	%	5%		3½—4%		3%
		High	Low	High	Low	
Year	High	Low	High	Low	High	Low
1814	80.	45.				
15	81.5	52.3				
16	64.4	54.3				
17	69.	55.05				
18	80.	60.				
19	73.15	64.85				
1820	79.6	70.1				
21	90.65	73.75				
22	95.	83.35				
23	93.65	75.5				
24	104.8	93.				
25	106.25	90.5				
26	101.05	95.75				
27	104.7	98.5				
28	109.	101.25				
29	110.65	106.5				
1830	109.85	84.5				
31	98.8	74.75				
32	99.85	92.				
33	105.5	99.65				
34	107.	103.7				
35	110.3	106.4	103.5	99.65	76.35	59.8
36	110.3	103.2	95.25	90.	72.35	63.
37	111.	106.25	95.1	89.5	73.7	66.15
38	111.85	107.05	100.5	91.	76.1	66.8
39	112.85	108.25	100.5	100.25	86.1	73.95
1840	119.4	100.3	113.5	95.5	86.65	65.9
41	117.05	110.45	106.5	101.2	86.6	75.6
42	120.8	116.	108.5	105.	82.25	76.6
43	123.7	119.6	109.75	107.25	83.2	78.7
44	126.3	118.1	113.25	109.25	85.65	79.75
45	122.85	116.5	116.25	111.5	86.4	80.9
46	123.6	116.	115.	110.25	85.	80.4
47	119.1	113.35	110.25	103.	80.2	74.65
48	117.5	50.	104.	48.5	75.2	32.5
49	92.7	74.	81.	66.	58.5	44.7
1850	97.4	86.7	85.	76.	58.8	53.9
51	103.	89.1	91.	78.	67.	54.5
52	106.5	99.1	107.	88.75	86.	63.9
53			106.5	98.75	82.15	71.7
54			101.	88.	76.35	61.5
55			99.4	89.75	71.75	63.85
56			97.	89.5	75.45	61.5
57			95.5	90.	71.1	65.85
58			98.	92.4	74.95	67.5
59			98.5	87.75	72.5	60.5
1860			98.25	94.75	71.4	67.1
61			99.	94.5	70.15	66.85
62			101.	95.25	72.9	67.4
63			99.5	94.	70.6	66.1
64			95.7	91.4	67.75	64.45

SOME QUOTATIONS ON FRENCH RENTES

NAME %	PERPETUELLE						AMORTISS- ABLE	
	5%		3½-4%		3%		3%	
Year	High	Low	High	Low	High	Low	High	Low
1865			99.	93.9	69.57	66.3		
66			100.25	91.5	70.6	62.45		
67			101.	93.9	70.75	65.25		
68			103.	98.4	72.05	68.25		
69			105.	100.	73.9	69.8		
1870			105.75	76.	75.1	50.8		
71	96.1	83.	85.	75.	58.45	50.35		
72	92.1	83.	83.5	75.	57.25	52.4		
73	93.45	85.	84.5	77.25	59.1	53.25		
74	100.5	92.05	93.1	83.5	64.8	57.8		
75	106.4	99.6	98.5	90.	66.95	61.6		
76	107.25	101.8	105.	94.25	73.	65.		
77	108.7	101.7	105.3	94.	74.35	66.10		
78	115.95	106.7	105.5	100.25	77.75	69.95	87.	77.25
79	118.8	108.95	116.	107.75	84.5	76.3	86.8	79.
1880	120.85	115.35	118.85	112.5	87.3	81.1	89.3	82.85
81	121.2	113.25	117.5	110.	87.25	82.	89.	83.8
82	118.7	112.7	115.	108.4	84.75	78.65	85.	79.9
83	116.1	107.65	109.45	104.3	82.65	74.15	83.2	76.6
84			109.15	79.5	75.1	82.3	82.3	76.27
85			110.5	107.	82.4	76.2	84.	78.5
86			110.9	108.3	83.9	80.1	86.65	82.
87			110.4	106.	82.9	76.	85.8	81.
88			108.	103.3	84.6	80.9	87.	84.
89			106.3	103.55	88.4	82.5	93.	86.
1890			107.4	103.8	96.37	87.4	97.	91.1
91			106.05	103.4	90.7	92.2	97.8	92.5
92			106.2	104.5	100.7	95.	100.7	95.9
93			107.2	103.45	99.6	93.6	99.5	95.
94			105.9	104.	104.5	96.8	102.5	96.75
95			108.65	104.8	103.7	99.6	102.	99.65
96			107.4	104.2	103.25	100.6	101.75	100.
97			108.35	104.97	105.25	101.6	105.1	100.25
98			107.7	103.9	104.3	101.35	103.25	100.
99			104.75	101.25	103.05	98.75	101.7	98.9
1900			103.6	101.4	102.3	99.15	100.9	97.8
01			103.75	100.65	102.45	99.85	100.75	99.1
02			102.8	100.5	102.	98.45	101.45	98.5
03					100.17	96.25	100.	96.7
04					99.1	94.	99.	95.55
05					100.5	97.7	100.1	97.5
06					99.9	94.9	99.8	95.
07					96.2	93.75	97.	94.55
08					97.65	94.15	98.6	95.7
09					99.25	96.25	99.5	97.1
1910					99.2	96.45	99.	96.5
11					97.55	93.5	97.75	94.55
12					95.6	88.25	96.1	92.
13					90.8	83.45	94.	87.5
14					88.	76.5		
15					60.5	56.5		
16					58.	52.5		

GERMANY

THE financial standing and history of Prussia and Germany very closely correspond, although the German Empire was not formed until 1871. The Government handling of finance more nearly resembles that of the United States than that of any other European nation, the Empire being a confederation of semi-independent states. Their record for financial good faith and payment is excellent.

The debt of the German Empire before war was declared in 1914 was \$1,177,418,000, the total for all Germany being \$4,913,320,000. A large part of this, principally that of the States, is productive, representing the bonds issued for railways, mines, iron works, public improvements, etc.; but the Imperial debt has been largely created for military purposes—by wars and expenditure for the army and navy, the Kiel Canal, etc.

At the beginning of the Napoleonic Wars, Prussia had in her treasury

\$58,500,000 in specie which was used to finance the struggle against Bonaparte, but in addition a war debt was accumulated by the combined German States of about \$148,000,000. Prussia's share in this was the "English loan" of \$25,000,000 floated by the Rothschilds, and some idea of the credit of Germany at this time is shown by its being issued at 70, 72½ and 75. The interest rate was 5%, and even at the low price it was not fully subscribed.

The German States had paid off approximately \$48,000,000 of their debt by 1842, but in the years following the revolution of 1848 a series of deficits increased the obligations of Germany.

From this time on, much of the capital raised by loans was used to construct railways and in 1870 almost half of the public debt was represented by these investments and the interest on it was a small burden to the various states as it was met to a large extent out of the net receipts from the public iron works, mines and railways.

The Franco-Prussian War cost Ger-

many \$438,010,144, but as it resulted in the acquisition of Alsace-Lorraine, and \$1,072,237,873 in indemnities, etc., the newly formed Empire was not only out of debt, but had \$579,617,973 of cash on hand. Of this, three-fourths was reserved for military purposes and the rest divided among the States and used by them chiefly to repay war loans which they had independently contracted.

In 1873 Prussian Consols reached their maximum price, but in the following years of business depression and poor harvests they dropped. They reacted to above par in 1880, but beginning in 1898 they gradually dropped to their low price of July, 1914. This may have been due in part to the large amount of unsecured paper put in circulation by the Government during these years.

Great industrial and economic progress has marked Germany's development in the period since 1870. The efficient and intensive methods in all branches of industry, trade and agriculture, might, but for her huge naval and military appropriations by Imperial and State

Governments, have placed her in a position to pay off all obligations.

Germany has been obliged to finance the present war within her own territory and so, having no external indebtedness, may dispose of the problem as she pleases. Without the extraordinary expenses of maintaining her army and navy, the nation should be in a better position to take care of its indebtedness, the government ownership of so much productive enterprise constituting a great asset.

Probably, however, there is a large amount of paper in circulation which is not included in the figures given as the national debt and together with a gold reserve presumably much depleted, the nation's power of recovery from the economic stress will depend somewhat upon how this situation is met.

COMPARATIVE DEBT OF GERMANY

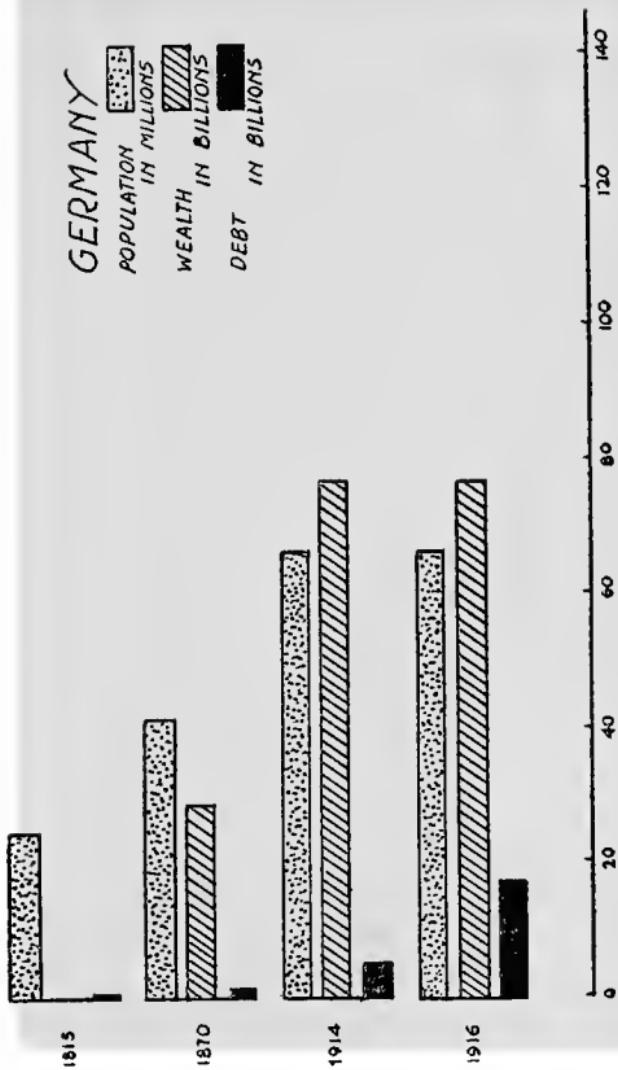
	Total Debt	Per Capita
1815.....	\$187,200,000	\$7.54
1914.....	5,198,000,000	80.10
1916.....	16,978,000,000	255.00

THE EFFECT OF WARS ON

GERMANY

Date	Estimated Population	Estimated Wealth	\$ Debt*	Wealth Per Capita	Debt Per Capita	Relation of Debt to Wealth
1814-15	24,833,396	...	187,200,000	...	7.54	...
1848-50	36,113,644	...	331,200,000	...	9.91	...
1870	41,058,804	...	710,400,000	...	17.30	...
1887-90	48,600,000	36,000,000,000	2,088,000,000	740.74	42.96	5.79%
1900	56,345,000	38,649,600,000	2,539,596,000	685.97	50.10	1.47%
1912-14	66,146,000	76,800,000,000	4,538,654,400	1,161.07	73.62	6.34%
1916	...	...	16,978,000,000	...	255.00	21.90%

*Debt is that of German States and Empire.



Name % Orig'l Amt.	Prussian State Debt 3½ % M 3,592,667,850	Prussian Consols 4—3½ % 1880 M 1,030,219,800	Imperial Consols 3 % 1891 M 646,300,900	Imperial Consols 3 % 1890-94 M 646,300,900	Prussian State Loan 3 % M 1,241,994,500				
Year	Av'ge Price	High	Low	High	Low	High	Low	High	Low
1851	87								
52	92½								
53	92½								
54	83¾								
55	85								
56	85½								
57	83½								
58	84¾								
59	82								
1860	84½								
61	88½								
62	90½								
63	89½								
64	90								
65	90½								
66	84½								
67	84								
68	83½								
69	81¾								
1870	78½								
71	83½								
72	90½								
73	90								
74	92½								
75	91½								
76	93½								
77	92½								
78	92½								
79	93½								
1880	96½	100½	97						
81	98½	103	97½						
82		102	98						
83		102	98						
84		103	100						
85		104½	100½						
86		105½	102						
87		107	101						
88		107¾	104						
89		107	104						
1890		107	103½						
91		106	103	84	81¾			84	82
92		107½	103½	88	84			88	83
93		107½	104	87¾	84½			87½	84½
94		107½	102½	96¾	85	95½	93	96	84
95		106	102½	99	94½	99	94½	99¾	94½
96		106½	102½	100	95¾	99½	96½	100½	96
97		*104	101½	98½	95½	98	95½	98½	95½
98		103	100	97½	91½	96¾	92½	98	92
99		101	96	94	85½	93	87	94½	86
1900		98	92	89	84½	88½	84	89	83½
01		101	94½	91½	85½	91	85	91½	85
02		102	98½	92½	89	93	88	92½	89
03		102	99½	92½	88	92	88½	92½	88
04		102	98½	91½	87½	91	87	91	87½
05		104	98½	91½	86½	90	87	91	86½
06		100	95½	89	83½	89	85	89	84
07		97	90½	86½	80	87	80	86½	80
08		95	89½	84½	79½	85	80	84½	80
09		96	91½	87	81½	86½	82	87	81½
1910		94	90½	85	80½	85	82	85	81
11		94½	91	85	79½	85	80½	85	80
12		92	86	82	75	82	76	82	75
13		87	82	77½	72½	77½	71½	78	73
14		86½	81	77	71	79	71½	78½	72
15		65½	53½	58½	40	58½	47½	58½	48½
16		58½	50½	51½	44½	51	43½	50½	43½

* Reduced to 3½ %

RUSSIA

RUSSIA is a country of great extent, and this geographical fact is somewhat responsible for her large national indebtedness. While this debt is partially due to the fact that there have been many years of deficits and large issues of paper currency; on the other hand, much of it represents public works, mostly railroads.

Previous to 1810 Russia had no national debt, but the invasion by Napoleon caused her to borrow, up to 1820, sums amounting to \$170,100,000, which were loaned by Dutch merchants at rates as high as $7\frac{1}{2}\%$.

In 1815 the acknowledged public debt was small, about \$98,000,000, but the Government was responsible for an issue of \$661,000,000 of paper money. Loans payable in paper were contracted by the Government, an internal loan in 1817 with an interest rate of 6% selling at $83\frac{1}{3}$, an external 6% loan in 1818 at 85. There was also a silver loan contracted

abroad in 1820 with an interest rate of 5% at 72. In 1822 \$29,165,006 bonds were issued at 82, the interest being 5%. This was during the period in which Russia was conquering the Caucasus States.

To this beginning has been added at various times bonds to a total of \$4,493,803,871 in 1914, of which a large portion represents railway construction. Russia has always met her external obligations. France has been the great market for her bonds, as well as her principal creditor.

The Crimean War increased Russia's debt without adding anything in the way of territory, but the Turkish War of 1877 gave her undivided control of Trans-Caucasia. At this time her 4% bonds sold on a 6.49% basis, but by 1891 these same bonds were selling on a 4.06% basis. The war with Turkey is estimated to have cost \$631,800,000, and the territory acquired at first did not pay its way.

Many railroads financed wholly or in part by the Government were built

at this time. The close of the Franco-Prussian War was marked in Europe by a great outpouring of capital into productive enterprises, notably railroads, and of these Russia built over 11,000 miles in the years immediately following, developing her fertile river basins, etc.

The acknowledged control of Manchuria following the railroad concession of 1898, came as a result of the Boxer uprising in China, and led to the Russo-Japanese War, which proved a costly one for both nations involved, the combined expenses being estimated at about \$2,500,000,000, of which more than three-fourths was borne by Russia.

When the war broke out, Russian bonds, of which about \$1,400,000,000 were held in France, declined sharply in price, but they quickly rallied, and it was in Paris that the greater part of the Russian financing of the war was done, in 1905 about \$500,000,000 being obtained to cover the war expenses and in 1906 about \$400,000,000 being raised. This last was for other necessities as well. The issue price of these loans was

89 and the interest rate 5%. These rose to above par in 1908 and continued so until 1914.

During these years the amounts of bonds issued for railways averaged a little less than half of the total indebtedness. This was a time of great internal turmoil, the founding of the Duma being accomplished with much friction, but the prices of external bonds did not drop materially.

Since then, in spite of the great unrest at home and dissatisfaction with the Government, Russian securities, both internal and external, have been stable in price, with not more than four points, and in most cases less, fluctuation between the extreme selling prices.

Russia, in the present war, has been the heaviest borrower from the other allies, Great Britain alone having lent her \$1,250,000,000 which must some day be repaid. Although Russia has nearly doubled her indebtedness since the war began, she has a debt which seems small in comparison with those of her two great allies. The present per capita debt of the

country is less than that of most of the nations before the war began.

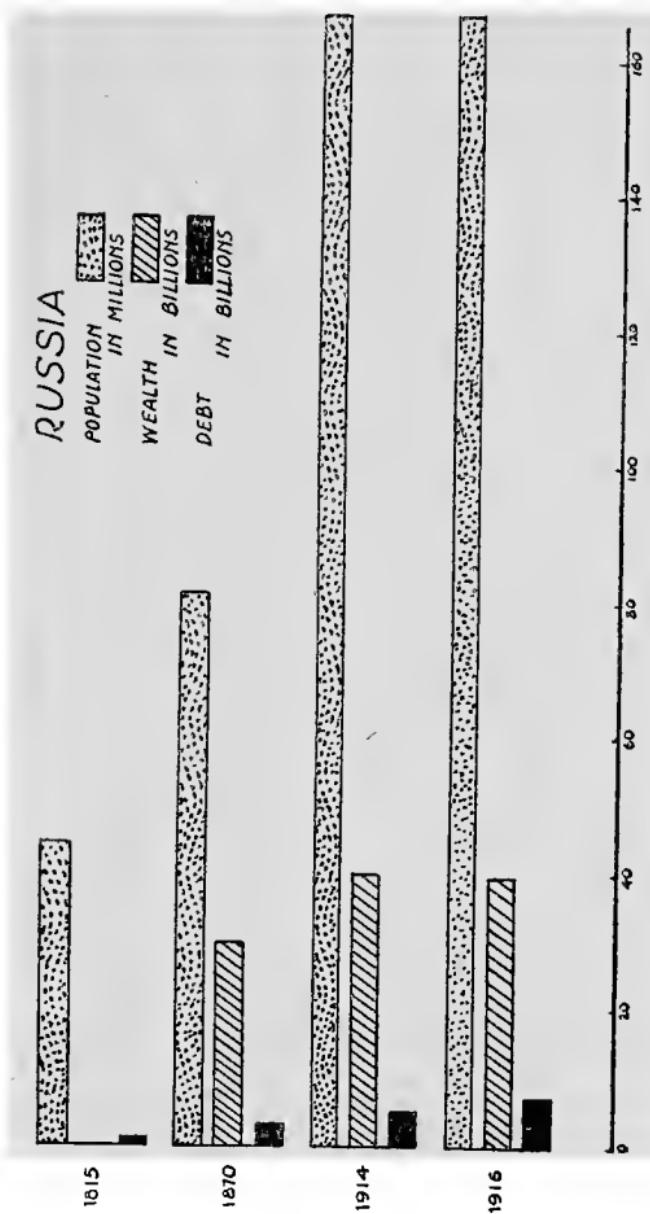
It is a country of enormous natural resources, which, according to all precedents, should be developed with new energy and realization of their greatness when peace comes once more.

COMPARATIVE DEBT OF RUSSIA

	Total Debt	Per Capita
1815.....	\$696,000,000	\$15.47
1914.....	4,537,000,000	28.30
1916.....	7,161,000,000	43.70

RUSSIA

Date	Estimated Population	Estimated Wealth	\$ Debt	\$ Wealth Per Capita	\$ Debt Per Capita	Relation of Debt to Wealth
1814-15	45,000,000	.....	696,000,000	.....	15.47	.....
1848-50	68,000,000	.....	432,000,000	.....	6.35	.....
1870	82,000,000	.....	1,641,600,000	.....	20.02	.....
1887-90	92,000,000	27,840,000,000	3,628,800,000	302.60	39.44	13.03%
1900	129,211,113	30,840,000,000	3,148,800,000	230.94	24.48	10.60%
1912-14	167,920,000	40,000,000,000	4,538,654,400	238.21	27.03	11.35%
1916	.....	.....	7,161,000,000	.....	43.70	18.36%



50 SOME QUOTATIONS ON RUSSIAN BONDS

Name % Orig'l Amt. Issued at	Perpetual 1822		1850		1859		1860	
	5%	£6,400,000	4½%	£5,500,000	3%	£12,000,000	4½%	£8,000,000
	82	82	93	93	66½	66½	92	92
Year	High	Low	High	Low	High	Low	High	Low
1864	91	86	88½	82½	55	52	86	83
65	94	87	90½	86	57½	52½	89½	83½
66	92	80	87½	85½	56	49	87½	87½
67	90½	84	—	—	55	50	—	—
68	92	82	87	87	57	50½	84	84
69	91	84	92	85	56	51½	—	—
1870	89	83	91½	84	56	50	88½	83
71	93	83	94	86	60½	53	90	90
72	97½	90½	94	90	65½	57½	—	—
73	100	93	96	90	69	64	92	86
74	104	96	98	91	75	64	87	87
75	106	97	99	92	74	64	—	—
76	103	68	96	69	71	47	95	69
77	86	63	84	64	68	45	82	65
78	85	69	82½	69	64	52	—	—
79	87	77	88	77	68	56	—	—
1880	91	80	92	81	68	60	—	—
81	93	86	93	86	72	65	—	—
82	88	80	91	82	70	62	84	84
83	88	80	92	83	70	63	—	—
84	96	83	96	87	75	64	—	—
85	98	79½	96½	82½	73	64½	90	85½
86	104	94	98	92½	78½	69	96	88
87	96½	88½	97	91	78½	69½	93½	88
88	98	85	100	90½	76½	68	93½	90½
89	109½	98	102	96½	84	75	101	92
1890	119	115	103½	99	87½	81½	101½	99½
91	124	108	—	—	91	75	—	—
92	119	109	—	—	82	76	—	—
93	122½	115	—	—	86	79	—	—
94	129	122	—	—	94½	84½	—	—
95	142	128½	—	—	97½	89½	—	—
96	147½	129½	—	—	94½	89½	—	—
97	154	139	—	—	94	90½	—	—
98	151½	146½	—	—	96	89½	—	—
99	148	127½	—	—	91	85	—	—
1900	136½	124	—	—	87½	81	—	—
01	135	126½	—	—	84½	81	—	—
02	142½	127½	—	—	86½	82½	—	—
03	138½	126½	—	—	86½	82	—	—
04	126½	107	—	—	83	72½	—	—
05	119½	94	—	—	78	63½	—	—
06	105½	90	—	—	69	56½	—	—
07	100½	91½	—	—	62½	57	—	—
08	110	96½	—	—	69	61½	—	—
09	113	100½	—	—	73	66	—	—
1910	122½	110	—	—	77½	71½	—	—
11	127	122	—	—	80½	76½	—	—
12	125	119	—	—	77½	73	—	—
13	122½	119½	—	—	76½	72½	—	—
14	123½	115½	—	—	77½	72½	—	—
15	107½	102½	—	—	—	—	—	—
16	102½	84½	—	—	62½	44½	—	—

SOME QUOTATIONS ON RUSSIAN BONDS

Name % Orig'l Amt. Issued at	1862		Anglo-Dutch 1864-66		Nicholas Ry. 1867-69		Charkow-Kr'ch'g Ry. 5%	
	5%		5%		4%		5%	
	£15,000,000	94	£12,000,000	85-86	£23,110,000	61	£1,716,000	80
Year	High	Low	High	Low	High	Low	High	Low
1864	89 $\frac{3}{4}$	85	89	85	63 $\frac{3}{4}$	62		
65	93 $\frac{3}{4}$	86 $\frac{1}{2}$	97	87 $\frac{1}{2}$				
66	92	88 $\frac{1}{2}$	96	85 $\frac{1}{2}$				
67	89	83	92	81				
68	89 $\frac{1}{2}$	83 $\frac{1}{2}$	94	85				
69	89 $\frac{1}{2}$	83	94 $\frac{1}{2}$	87	69	62 $\frac{1}{2}$	84	74 $\frac{1}{2}$
1870	89	79	94 $\frac{1}{2}$	83 $\frac{1}{2}$	70 $\frac{1}{2}$	60	87 $\frac{1}{2}$	78
71	92 $\frac{1}{2}$	83	97	88	75	66	91 $\frac{1}{2}$	82
72	96	89	100	95	77 $\frac{1}{2}$	72 $\frac{1}{2}$	95	90
73	100	91 $\frac{1}{2}$	100 $\frac{1}{2}$	96	82	74 $\frac{1}{2}$	99	90 $\frac{1}{2}$
74	103	96	103	97	86	75 $\frac{1}{2}$	102	93
75	105 $\frac{1}{2}$	94	104 $\frac{1}{2}$	95	88	79	104	94
76	101	72	100 $\frac{1}{2}$	74	85	63	98	65
77	89	68	93	71	78	64	84	64
78	84 $\frac{1}{2}$	69	90	74	76	64	85	72
79	88	78	93	84	79	70	90	78
1880	91	82	96	86	80	72	94	81
81	92 $\frac{1}{2}$	85 $\frac{1}{2}$	97	90	82	74	95	87
82	88	80	94	86	79	70	91	80
83	88	80 $\frac{1}{2}$	96	87 $\frac{1}{2}$	79	74	89 $\frac{1}{2}$	83
84	96	83	100	92	84	75 $\frac{1}{2}$	95	85
85	96 $\frac{1}{2}$	82	99	84	86	76	96	79 $\frac{1}{2}$
86	100	94	101	96	92	85	101	94 $\frac{1}{2}$
87	98 $\frac{3}{8}$	91 $\frac{1}{2}$	99	91 $\frac{1}{2}$	86	80	97	89
88	102	91	101	92	88 $\frac{3}{4}$	78	96	83 $\frac{1}{2}$
89			104	100	95	86	103	95
1890			103	100	98	93	103	99 $\frac{1}{2}$
91					100	85 $\frac{3}{8}$		
92					98	90		
93					98 $\frac{1}{8}$	94 $\frac{1}{2}$		
94					102	98		
95					102 $\frac{1}{8}$	98 $\frac{3}{4}$		
96					105	98		
97					104 $\frac{7}{8}$	101		
98					104 $\frac{7}{8}$	99 $\frac{1}{2}$		
99					103 $\frac{1}{2}$	98		
1900					101	97		
01					102 $\frac{1}{2}$	98		
02					103 $\frac{5}{8}$	98 $\frac{3}{4}$		
03					103 $\frac{1}{2}$	97		
04					99 $\frac{5}{8}$	86 $\frac{1}{4}$		
05					96	75 $\frac{3}{4}$		
06					87	69		
07					83	73		
08					89	82		
09					93 $\frac{3}{4}$	85		
1910					94 $\frac{1}{4}$	91		
11					95 $\frac{1}{2}$	92		
12					95	88		
13					92 $\frac{3}{8}$	87		
14					90 $\frac{3}{8}$	85		
15					81 $\frac{3}{4}$	69		
16					76	65		

Name % Orig'l Amt. Issued at	Moscow-Jaroslaw		Prov.-Orel-Vite'k		Charkow-Azov		Cons. Ry. Series 1870	
	5% £1,920,000 78	5% £4,500,000 77½	5% £4,349,280 80	5% £12,000,000 80	High	Low	High	Low
1869	84½	77	85½	76½	84½	74½		
1870	88	75	89	78	87½	78		
71	93	93	91	82	92	82	92	82½
72	95½	89	95½	89	95½	90	95½	89½
73	99	91	99	91	98½	91	99	91½
74	102	94	103	94	102	94	105	96½
75	103	93	104	93	104	94	107	96
76	98	73	99	69	99	65	104	73
77	92	70	86	65	84	65	94	69
78	94	82	86	71	85	72	90½	76
79	99	89	90	79	90	78	91	83
1880	100	90	93	84	94	81	93	82
81	102	96	95	87	95	87	93	87
82	101	94	92	81	91	80	88	80½
83	101	96	89	83	89	83	90	81½
84	103	97½	96	84	95	85	95	85
85	103	93	95	80½	96	79½	99	81
86	104	99	100	94	101	94½	102½	96
87	103	99	97½	91	97	89	101	93
88	104	98½	99½	88½	96	83½	102½	92
89	105	101	103½	98				
1890	105	100	104	99½				

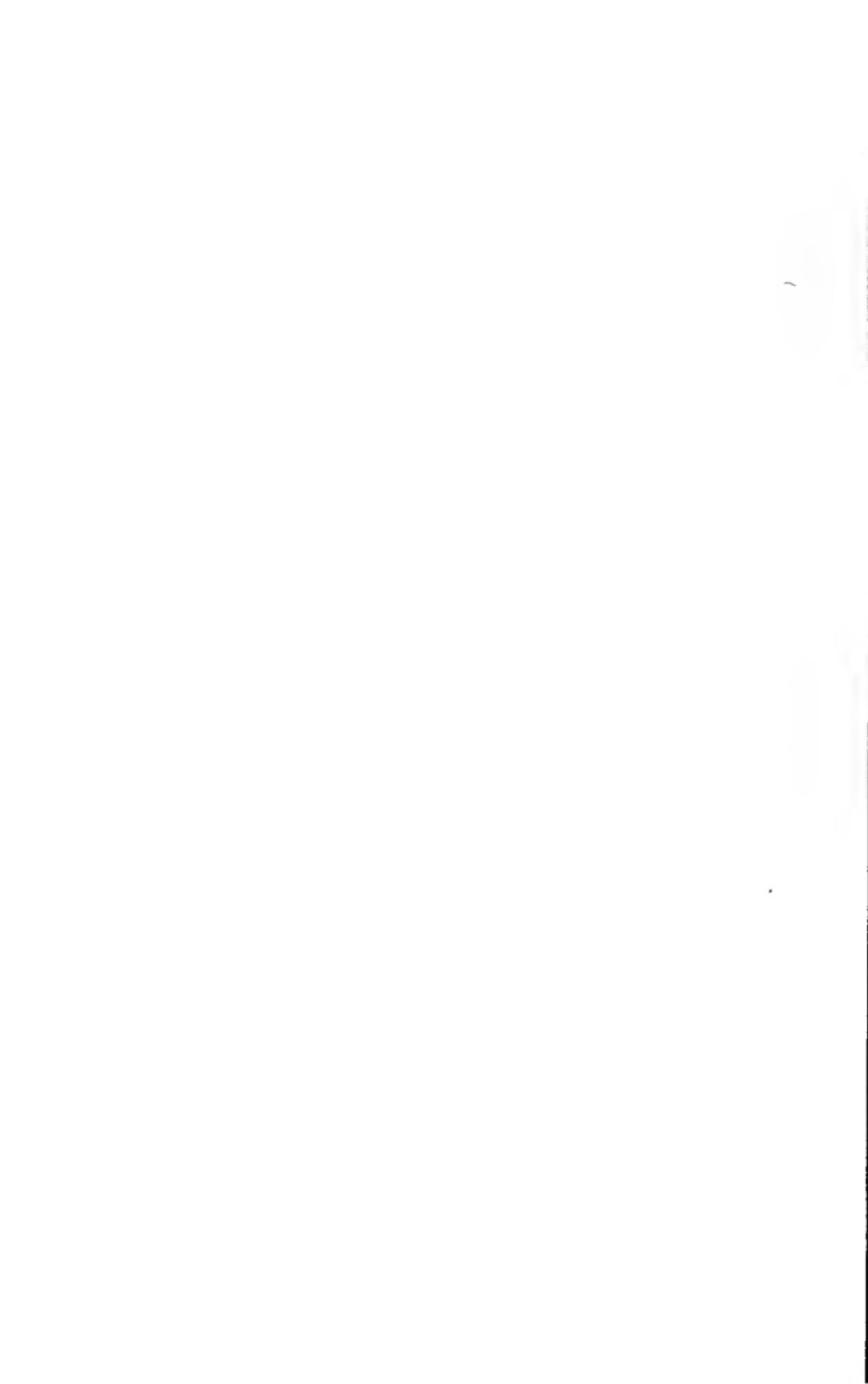
Name % Orig'l Amt. Issued at	Trans-Cauc'n		Cons. Ry. I		Cons. Ry. II		Cons. Ry. III	
	3% £8,904,200 55	4% £27,685,000	4% £49,120,784	4% £12,656,000	High	Low	High	Low
1883	55	51						
84	63½	52						
85	65	57½						
86	72	63						
87	65	63						
88	65	57½						
89	83	71½						
1890	83½	80	99½	92½	99½	92½	100	96
91	86	72½	100½	86½	100	86½	100	87
92	80	72	98½	91½	99	91½	97½	90
93	81	75½	101	95½	101	96	99	93½
94	88	78½	103½	98	103½	97½	102	96½
95	94½	86½	104½	99½	104	99	103	99
96	98½	88½	105	100	105½	100	106½	101
97	95	90	105½	101½	105½	101½	105	101½
98	95	91	106	100½	104½	101	104½	100½
99	92½	84½	103½	99	103½	98½	103	98
1900	85	81	102	95½	102	96½	101	96
01	85½	84	102½	89½	102	98½	102½	97½
02	86½	84	103½	98½	103	99½	102½	99
03	88	82½	103½	97½	103	97½	103	97
04	83½	73½	98½	87½	98½	87	98	86
05	81	65½	95½	77½	95½	78	95	77½
06	69½	59½	87	69½	86½	69½	85	68½
07	68	61	82½	71½	82	71½	81	70½
08	72	66½	89	80½	88½	80½	87½	79
09	78½	68	95	82½	94½	82½	92½	80½
1910	77½	74½	96½	92½	96½	91½	94	90
11	82	74½	97½	93½	97½	93½	97½	92
12	79	72½	95½	84½	95½	85	92½	85½
13	75½	71½	92	87	92	87½	91	87
14	75½	71½	90	79	89½	79	90	80
15	54½	54½	81½	69½	81½	69½	73	73
16	54½	54½	54½	72½	63½	72½	63½	61½

SOME QUOTATIONS ON RUSSIAN BONDS

53

Name % Orig'l Amt. Issued at	Cons. Ry. Series 1871 5% £12,000,000 81½	Cons. Ry. Series 1872 5% £15,000,000 89	Cons. Ry. Series 1873 5% £15,000,000 93	Cons. Ry. Series 1875 4½% £15,000,000 92	Cons. Ry. Series 1880 4% £24,000,000 75					
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1869										
1870										
71										
72	95½	89	94½	89½						
73	98¾	91	99	90½						
74	103	95½	103	95	102	94½				
75	105	95	105	95	104	97	95	86		
76	100½	71	100½	71	100½	74	93½	68		
77	88	67	89½	66	89	68	84	60		
78	87	72	87	71	87½	73	80	65		
79	89	80	89	79½	90½	81½	80	72		
1880	93	82	92½	84	91½	84	85	75		
81	95	87	94½	87	95	88½	86	77	72	67
82	88	81	87½	80½	87½	81	80	72	75	68
83	89	82½	89	82	88½	81	80	73	79	71
84	96½	84	96	84	96½	83½	88½	75½	78	78
85	98	81	97	80	97½	82	90½	75½		
86	100	94	100	93½	100½	93½	96	87		
87	97½	90	97	89½	99	90½	92	81		
88	98	86	98½	88	101½	89	94½	82		

Name % Orig'l Amt. Issued at	Rentes 1894 4% £2,650,000,000	1895 3½% £15,820,000	Dvinsk&Vit'k 4% £3,026,240	1906 5% £89,235,000 89	1909 4½% £55,580,000 88¾					
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1882										
83										
84										
85										
86										
87										
88										
89										
1890										
91										
92										
93										
94										
95	—	—	98½	94	102	97½				
96	—	—	101½	93½	103	99				
97	—	—	102½	98½	104½	100				
98	103	99	102½	99	104	97				
99	101½	95½	101	93	103	96				
1900	—	—	95	90	100½	95				
01	—	—	97½	92½	101¾	96½				
02	100½	97	98½	91	102	97½				
03	101½	97	100	92½	102	97				
04	98½	88	93	77½	97½	87				
05	90½	73	89½	67	94½	75				
06	81½	66	77½	60	83	65				
07	76½	69	72	62½	79	69½	91	80		
08	80	72½	79½	70½	85½	77½	99½	89½		
09	90½	75½	86½	72½	92	81½	103½	96½	98½	93½
1910	97	88	88	84½	94½	90½	100½	102½	102½	96½
11	96	91½	90½	84	94½	90	106½	102½	103½	98½
12	92½	87½	88	78	93½	85½	106½	100	102½	95½
13	93½	89½	85	77½	91	85	105½	101½	101½	97½
14	95½	89	82½	71½	89½	83	104½	93	100½	90
15	—	—	68½	59½	82	65½	98½	84	90½	73½
16	69	54½	64½	56½	72½	66½	91½	76½	83½	73½



CHINA

THE history of modern China is mainly a history of her loans.

In 1865 the first foreign loan was obtained from Russia to finance an expeditionary force to Ili. It was repaid a little later, an unusual action on the part of China. However, China in spite of tangled finances has always met the interest on her bonds and although for a short time unable to pay off the instalments of the Boxer Indemnities promptly, is now paying them on time.

The present national indebtedness dates from the war with Japan in 1894 and with the later additions now amounts to \$1,112,245,423 foreign obligations and three internal loans totaling \$54,367,640.

In 1866 the first secured loan was made, it being a first charge against the Maritime Customs. This led, in the end, to their reform and administration by Europeans, an excellent thing for the country and, during the recent revolutions, one of the principal things that

saved China from having to default temporarily the interest on her bonds. Several loans followed this, the largest being for \$10,659,000, made just as the country was recovering from the Taiping Rebellion. These have all been paid off.

The war with Japan in 1894 resulted disastrously for China, and Japan exacted an indemnity of \$152,000,000. Russia came to her aid and raised \$77,600,000 in France, while \$155,520,000 was raised by an Anglo-German loan. As that did not suffice for internal needs, an additional \$32,236,400 was borrowed from various sources.

The people of China are singularly averse to paying money to the government, therefore the interest charges on the foreign loans, amounting to \$13,200,000, were upsetting and this, added to the corruption and recklessness of the official world, produced a most tangled financial situation. The Young China party had an idea that this could be adjusted by the flotation of an internal 5% loan of \$66,000,000, but as was to be expected from the disposition of the

people, it was a complete failure, only \$2,640,000 being subscribed and this was eaten up in the expenses of flotation.

Prices at this time for Chinese bonds ran high on the exchanges, keeping well above par; in 1896 two issues of 6% bonds were selling as high as 110½ and 115¾, a 5% at 102, and the 7% Silver Loan at 122¾.

In 1895 began the competition of foreign nations for Chinese territory, concessions, and the chance to lend money and so increase their share of influence. All this has undoubtedly helped to develop China, but it has put her under large and perhaps unnecessary foreign obligations. Russia posed as her best friend and proposed to raise a loan in France for China, but England and Germany would not allow this, and instead they loaned her \$77,760,000 in 1898.

The Boxer Uprising was made an excuse by the foreign powers to exact large indemnities and, as it was manifestly impossible for China to pay them, they were funded into a "loan" of

\$297,000,000, bearing 4% interest, the customs tax and then the salt tax being specified as their security.

Strangely enough, these disturbances caused no appreciable depression in the prices of Chinese securities. For a few years the provinces made a slight effort to bear their share of the charges on this debt, but soon fell in arrears. Thus China was unable to pay the interest at first, but she found little difficulty in borrowing as much as was needed for this purpose, due to the policy of the powers; the United States alone waived the excess of indemnity above the actual losses of her citizens.

Many railway bonds have been issued, guaranteed by the government, and great belief was shown in their value, as in the case of the Hukwang Railway Loan of \$29,160,000, which sold on issue at a premium of $\frac{1}{2}$ of 1% and was subscribed several times over. One of the railroads whose bonds were guaranteed at this time is the principal source of revenue for the government at present.

The total amount of Chinese rail-

way loans up to 1914 amounted to \$252,478,920, of which about \$7,000,000 has been repaid. Almost all of these loans were contracted after 1900. The railway itself is the security pledged by the government besides its own guarantee and sometimes certain taxes. The main railway lines of China should pay good dividends if properly managed, and were run at a net profit of \$2,300,000 for the six months ending Dec. 31, 1914, and this in spite of the European War, which reduced shipments.

In August, 1911, the Revolution occurred and no one was willing to lend to one party as against the other, the powers seeming to feel that it was a purely national affair, and not one with which foreigners should interfere. Once the abdication of the Emperor was proclaimed, Russia was only too willing to help, but found no government, no revenues and, in fact, nothing but debt.

The new government took over the indebtedness of the old, but this did not give them any revenue and they found it practically impossible to collect any,

the entire country being disunited and in disorder. Fortunately, all through the Revolution the customs, in accordance with the terms of former loans, had been under the control of the foreign powers and this had paid the interest on the external loans, but the payments on the indemnities were in arrears.

Several loans were partially negotiated, among them those of the Currency Reform, Crisp, and Anglo-Belgian Syndicate, and finally China obtained the "Reorganization Loan" in 1913 of \$121,500,000 from the Six (later five) Power Group. It provided for a reorganization and administration of the salt tax by the representatives of these powers. The net receipts from the salt tax in 1914 were over \$29,000,000. The sum obtained from this loan was only about one-half the amount needed to set the finances of the country in order, but it was sufficient for the refunding and adjustment of the external obligations. No reorganization of internal affairs being possible this additional burden, combined with the disorganized political

situation, precipitated the struggle of July, 1913.

In 1914 and 1915 two "conversion" loans aggregating \$22,000,000 were added by the Republican Government and now a much needed loan of \$5,000,000 is being negotiated.

In 1914 a new departure was made in Chinese financial history when a \$16,000,000 internal 6% loan was issued. Being oversubscribed by \$8,000,000, it was raised to \$24,000,000 and again in 1915 an internal loan of \$24,000,000 was issued at 90, also with an interest rate of 6%. This was successful, many subscriptions coming from Chinese living in foreign countries.

Aside from the pressing necessity of reorganization and peace, the discouraging factor in Chinese financial administration is just this—while, theoretically, the form of government is modern, many of the old practises persist, especially in the collection of taxes. Then, too, foreign nations have insisted that no higher customs duties may be levied than the agreed upon 5%—now in

reality only about $3\frac{1}{2}\%$, due to the rise in prices of which the specific duty cannot take advantage. So that China cannot, like other nations, increase her revenue from this source.

China's debt should not be the heavy burden it appears to be, as her large natural resources are practically untouched and railways will enable them to be developed.

It is interesting to note that Chinese Bonds were recently selling on the London market at within 1% of the best British issues.

Back of all China's bonds is the good faith of a government which has never repudiated a debt.

CHINA

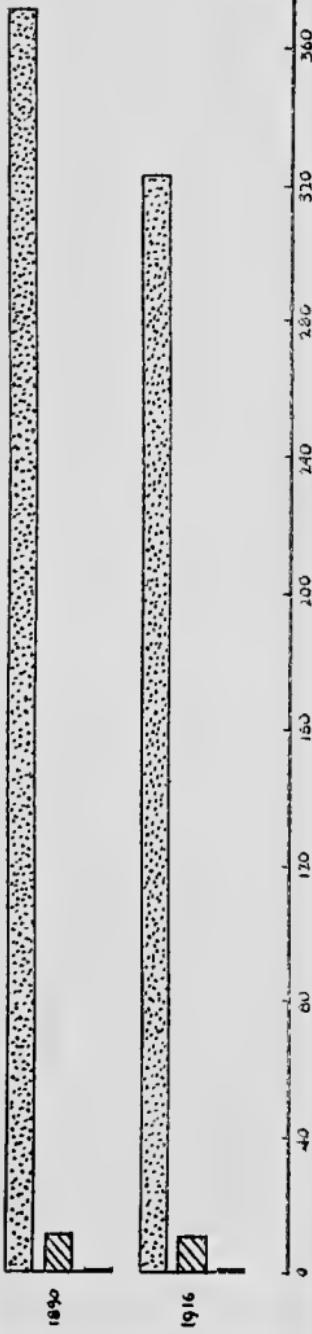
Date	Estimated Population	Estimated Wealth	\$ Debt	\$ Wealth Per Capita	Debt Per Capita	Relation of Debt to Wealth
1870	260,925,000	.....	.....	.....	.....	.....
1887-90	377,636,000	.....	25,000,000	.....	.66	.....
1894	350,000,000	.....	267,300,000	.....	.76	.....
1912-14	325,000,000	10,000,000,000	969,189,000	30.70	2.98	6.67%
1916	.....	.....	1,166,603,063	.....	3.59	11.69%

CHINA

POPULATION
IN MILLIONS

WEALTH
IN BILLIONS

DEBT
IN BILLIONS



SOME QUOTATIONS ON CHINESE BONDS

67

Name % Orig'l Amt. Issued at	April 1895		1896		1898		Imperial Ry. 5% £2,300,000 97		
	6% £1,000,000 106	5% £16,000,000 98 1/4	5% £16,000,000 98 1/4	4 1/2% £16,000,000 90	4 1/2% £16,000,000 90	High	Low	High	Low
Year	High	Low	High	Low	High	Low	High	Low	
1896	115 1/4	104	102	97 3/8					
97	114 1/8	109 1/2	102 1/4	96					
98	112	106	102 1/2	94 1/2	89 1/2	83	97	83	
99	110 1/4	104 1/4	101 1/4	94	88 1/4	78 1/2	93 1/2	71	
1900	107 1/2	93	102	80	86	64 1/8	93 1/2	80	
01	107 1/2	100 5/8	99	93	89 1/4	80	96	70	
02	107 1/2	104	103 3/8	97 5/8	94	88	93 1/4	90 3/4	
03	107	102 1/2	103	97	94 1/2	89 1/8	98 1/2	92	
04	106 1/2	99 1/2	103 3/8	94	93 1/8	83 1/2	98 1/4	82 1/4	
05	106 1/8	103 1/4	106	100 5/8	100 1/2	92 1/8	106 1/2	97 3/8	
06	106 1/2	103	105 3/8	100 1/8	101 1/4	95 1/4	105 5/8	99 3/4	
07	106 1/4	102 1/4	104	99 1/2	100 5/8	93 1/2	104 1/4	99 1/2	
08	107 1/4	103 1/2	105 3/4	100 1/4	101	95 1/8	104 1/2	100 3/8	
09	108 1/8	103 1/6	106 1/2	102 1/4	102 3/4	98 1/8	105 1/2	101 3/4	
1910	108	103 1/4	105 1/8	102 1/8	102 1/8	99 1/8	106 3/8	102	
11	108	102 1/4	105 3/4	99 1/4	102 1/4	94 1/4	105 1/2	99	
12	104 1/2	100 1/4	103 3/8	98 1/2	98 1/8	93 1/4	102 1/2	98	
13	104 1/2	100 1/4	102 3/8	97 1/8	96	89 1/4	102	96 1/2	
14	102	—	102 3/4	96 1/4	95	87	101 1/2	98 1/4	
15			100 1/2	91 1/8	90 1/8	82	97 1/2	87	
16			95	88	83	75 3/4	91	79 1/8	

Name % Orig'l Amt. Issued at	Canton Kowloon Ry. 5% £1,500,000 100		Shanghai N'chow N'gpo Ry 5% £1,500,000 99		Tientsien Pokow Ry. 5% £7,000,000 98 1/4		Shanghai Nanking Line 5% £3,250,000 97 1/2	
	High	Low	High	Low	High	Low	High	Low
Year	High	Low	High	Low	High	Low	High	Low
1905	107 1/4	98						
06	106 1/4	100 3/4						
07	105 1/4	99						
08	104 1/4	99	103 1/2	100 1/4	104 1/8	99 1/8	104 3/8	100 1/2
09	107 1/2	102	105	100 1/2	101 1/8	106 1/4	107 1/4	102 1/8
1910	107 1/2	103	106 1/4	101 1/8	106 3/4	101 1/2	107	101 1/8
11	106 3/8	97 1/2	104 1/8	96 1/2	105 1/2	97 1/2	105 3/8	97
12	101	95 1/8	100	94 1/2	101 1/8	95	101 1/8	95 1/2
13	99	88	98 3/8	87 1/4	98 1/2	87 5/8	99	88
14	92	82	89 1/2	82	91 1/4	86	91 5/8	84
15	81	70 1/4	82	73	83	76	82	70
16	77	69 1/4	76 1/2	71 1/2	76 1/8	69	76 1/8	69 1/4

Name % Orig'l Amt. Issued at	1908		Hukuang Rys. 5% £6,000,000 100 1/2		Supplement'y T. P. Loan 5% £4,800,000 100 1/2		5% 1912 £10,000,000 95		Reorgan'tion Loan 5% £25,000,000 90	
	5% £5,000,000 98	5% £6,000,000 98	5% £6,000,000 100 1/2	5% £4,800,000 100 1/2	5% £10,000,000 95	5% £25,000,000 90	High	Low	High	Low
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1909	105 3/4	100 1/2								
1910	107 3/8	102 1/4								
11	106	96 1/8	104 5/8	97 1/2	104 3/4	97 1/2				
12	100 3/4	94	101 1/4	95 1/2	100 1/8	94 1/2				
13	97 1/2	84 1/2	97	91 1/8	97	86 1/4	95	86 1/2	90 5/8	89
14	93	81	94	91 1/4	89 1/2	81 1/2	91 1/2	80	92	81 1/2
15	78	70 3/4	82 5/8	77	76 1/2	76 1/4	85	75	82	70
16	75	68	78	72 3/4	76 3/4	67 1/2	79 3/4	71	80	72

JAPAN

THE national indebtedness of Japan dates from the beginning of the Meiji era in 1867, when the power of the Shogun gave way to that of the Mikado and Occidental influence began to be felt. It was then necessary to indemnify the feudal nobles and samurai, for which purpose \$93,835,000 of bonds were issued and later \$10,535,000 in bonds was also given in part payment of their debts. This and the \$7,350,000 debt from the Satsuma Revolt in 1877, together with a few small amounts borrowed for public improvements, represented the total debt of Japan until 1894.

The Chinese-Japanese War in 1894-95 brought about a comparatively large increase of debt, about \$66,150,000 being added. This was followed by a period of great domestic expansion and industrial activity during which the currency of the country was placed on a gold basis. For this the surplus revenues and the

Chinese war indemnity of \$152,000,000 did not suffice and in 1899 made necessary the first large external debt, \$48,600,000 being borrowed in England at an interest rate of 4%. These bonds were issued at 90, going within a year to 105. Except for a drop to 89½ during part of the Russo-Japanese War they remained near this price until redeemed in 1910-12.

The war with Russia in 1904-05 brought Japan once more before the world as a borrower and two 6% loans were floated at 93½ and 88, respectively, which on the announcement of her victory went up ten points. This enabled Japan in 1905 to raise abroad a 4½% loan which was issued at 87½ and has averaged higher in most years since. Also, in 1907 she was able to redeem all higher interest bearing loans by one bearing 5% interest.

The Russo-Japanese War added in all \$714,910,000 to the national debt, of which \$198,450,000 was internal and \$516,460,000 external obligations.

Japan now entered upon a period of intense development, for which were

borrowed large sums. The \$845,640,000 sometimes calculated to stand for her war debt includes these. High taxes also helped to carry its burden.

Japan's expansion into Korea, Formosa and China has added greatly to her material resources and a large portion of her debt represents a consolidation of old debts and permanent public improvements, such as railways, telephones, and telegraphs. The present funded debt of Japan is \$1,251,316,800, of which, roughly speaking, 32.3% is due to war, 20.8% represents railways and 40% is the consolidation of the old feudal pensions debt.

All of Japan's external bonds have risen in price from that of issue, as may be seen from the following table:

Year	Amount	Interest Rate	Issue Price	1912 Price
1899	\$43,740,000	4%	90	96 $\frac{3}{4}$
1902	23,300,000	5%	100	101
1904	22,356,000	6%	93 $\frac{1}{2}$	Redeemed
1904	26,244,000	6%	90 $\frac{1}{2}$	Redeemed
1905	65,610,000	4 $\frac{1}{2}$ %	90	98 $\frac{3}{4}$
1905	43,740,000	4 $\frac{1}{2}$ %	90	98 $\frac{3}{4}$
1905	28,431,000	4%	90	96 $\frac{1}{4}$
1907	55,404,000	5%	99 $\frac{1}{2}$	103 $\frac{3}{4}$
1910	50,787,000	4%	95	Conversion

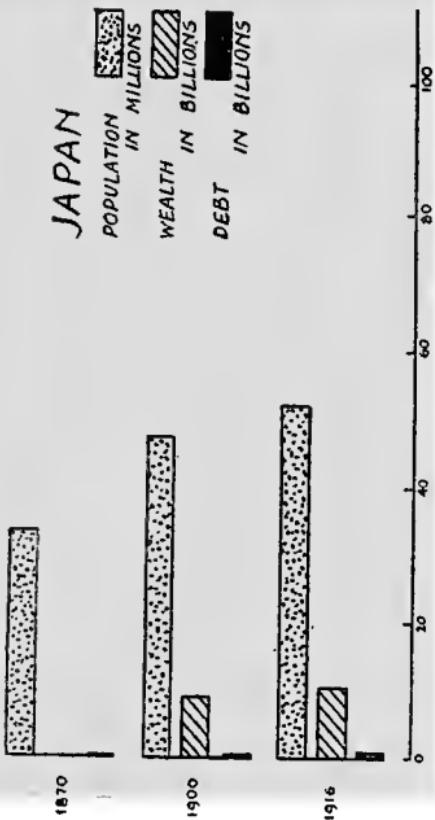
Japan occupies the unique position of a warring country which has been able to reduce its indebtedness. This is probably due to two causes—the sale of munitions to the other allies and the fact that it, alone of all the nations of the present war, is not fighting for what it believes constitutes its existence. Besides paying off \$5,000,000 last year, she has called for redemption \$2,480,000 of bonds this year.

COMPARATIVE DEBT OF JAPAN.

	Total Debt	Per Capita
1870.....	\$240,000,000	\$6.11
1914.....	1,251,000,000	23.92
1916.....	1,234,000,000	23.30

JAPAN

Date	Estimated Population	Estimated Wealth	Debt	Wealth Per Capita	Debt Per Capita	Relation of Debt to Wealth
1870	33,110,796	...	48,000,000	...	1.45	...
1887-90	39,069,691	...	240,000,000	...	6.11	...
1900	47,515,984	...	253,934,400	...	5.80	...
1912-14	52,985,423	9,749,040,000	1,251,316,800	186,36	23.92	12.84%
1916	...	...	1,234,000,000	...	23.30	12.50%



SOME QUOTATIONS ON JAPANESE BONDS

Name % Orig'l Amt. Issued at	Sterling Loan 1899 4% £10,000,000		1903 5% Yen 50,000,000		Sterling Loan 1904 6% £10,000,000		Sterling Loan 1905 4½% £30,000,000	
	90	90	102½	102½	93½	93½	90	90
Year	High	Low	High	Low	High	Low	High	Low
1899	88½	83						
1900	86	75½						
01	83	74½						
02	89½	74½						
03	89½	76½	101½	87½	97½	92½	98½	88½
04	78½	62	90½	72½	102½	94½	95½	87½
05	93½	76½	103½	87½	101½	96½	99½	93½
06	93½	87	103½	100½	101½	96½	99½	93½
07	89	80	103	96	100½	96½	98½	87½
08	86½	79½	102	95½			95½	88½
09	93½	84					100½	94½
1910	96½	90½					101½	98½
11	93½	86½					101½	95½
12	88	81½					99½	93½
13	82½	77½					95½	88½
14	78½	72					96½	86½
15	74½	62					94½	83
16	75½	67½					95½	89½

Name % Orig'l Amt. Issued at	Sterling Loan 2nd Series 1905 4½% £30,000,000		Sterling Loan 1905 4% £25,000,000		1907 5% £23,000,000		1910 4% £11,000,000	
	90	90	90	90	99½	99½	95	95
Year	High	Low	High	Low	High	Low	High	Low
1895								
96								
97								
98								
99								
1900								
01								
02								
03								
04								
05	96½	90½	90½	86½				
06	97½	92½	90½	86½	102½	95½		
07	96½	87	89	79½	102½	95½		
08	94½	86½	87	78	101½	100		
09	99½	92½	93½	83½	107½	102½		
1910	102½	97½	96½	91½	107½	99½	94	90½
11	101½	95½	96	90½	106½	99½	93½	85½
12	98½	92½	93	83½	105½	97½	88½	82
13	95½	87½	89	79½	102	94½	85½	76
14	94½	83	86½	77	100½	94½	85	71
15	94½	83	79	71	94	88½	74½	68
16	95½	89½	83	73½	94½	87½	73½	68

SOUTH AMERICA

SOUTH AMERICA is very often considered as including also Central America, and this mistake should be especially avoided in considering the financial history of the Southern continent. Neither should it be thought of as a continent whose governments are subject to revolutions, for if one compares the history of Europe during the last hundred years with that of South America, the latter's revolts, insurrections and wars appear insignificant in size, expense and adverse effects.

The economic situation of the South American Republics is very much the same as that of any new and undeveloped countries. Being thinly populated, much capital is needed, the charges for which fall heavily on the limited number of inhabitants, constituting a fairly large item in the annual budgets. As much of the local wealth is devoted to development work, there is little free capital at home to invest and, therefore, the South

American Republics have had to contract more or less heavy foreign obligations.

Their per capita national debts, in the majority of cases, are large as compared with the United States of America, but small as compared with some of the countries of Europe.

While it is certainly true that some of the South American countries have been large and perhaps reckless borrowers (partly on account of the extreme readiness of Europe to lend them funds) and some, at times, have been uncertain in meeting their payments of interest and maturities, still, much of this would seem to have been due to extravagance, over-estimation of the rapidity of development, and, most of all, to inexperienced governments, rather than to intentional bad faith.

While the European governments have been able to obtain their financial experience through a period of several centuries and to do their experimenting on a comparatively small scale, the governments of South America have had to gain their knowledge of national

finance entirely in modern times and on the large scale demanded by this era.

In South America much and rapid development of natural resources has been needed, and for this the various governments, sometimes perhaps over-enthusiastic, have contracted a large proportion of their indebtedness. In the end this means debts which are or will be more or less productive of revenue.

The natural wealth of the countries is enormous; their future appears bright. Much has been accomplished by the South American Republics under adverse conditions and in the very few failures to fulfill absolutely the obligations undertaken, there usually have been extenuating features.

We are too apt to speak of the South American countries as having one identity instead of ten, and those, ten distinctly different ones. The three most important—Argentina, Brazil and Chile—have had stable and responsible governments for many years and their indebtedness is not large compared with their resources. But resources are not always readily

convertible into gold and silver money, especially in such partially developed countries, and the great future of South America sometimes finds it difficult to meet present obligations.

Until recently these countries were in somewhat the same position as that of our Western states at the close of the Civil War—great natural resources, but insufficient population, railways and facilities for developing that wealth. In the case of South America there is little domestic capital to draw upon, such as was in our East, and its place has had to be taken by that of Europe.

There would seem to be a constantly increasing probability that in the future South America will have the capital to buy back from Europe its external bonds. The point in the development of these countries is being reached when the money invested in public improvements, railroads, etc., is beginning to provide revenue, to make accessible the natural wealth, and to greatly increase the capital held in the countries themselves.

The wealth of South America, estimated on the same basis as that used for the nations is about \$30,000,000,000, giving a per capita wealth of \$545.45. This takes little account of the natural resources of the continent.

The many experiments with their currency have affected adversely the credit of some South American Republics, but the idea now being worked out in several of them gives promise of stability through the various "offices of conversion."

The general principle on which these operate is the same in all the countries. Paper notes are issued against deposits of gold, which latter may, on demand, be used to redeem them. This tends to check excessive rises either way in exchange, and so gives as near a fixed value to the currency as possible.

The large immigration of the last twenty years should soon begin to show results in revenue returns from the hitherto unpopulated though naturally rich districts. It is raising the general level of the industrial classes, while civic

capacity is increasing, and Europe has recognized the brilliance of the South American political mind since the first Peace Conference at The Hague, when it "discovered South America."

ARGENTINA

THE ARGENTINE in 1810 revolted against Spain and in 1814 established its independence and later that of Chile, Peru, Bolivia, Paraguay and Uruguay. With the exception of two short but fierce wars against Brazil and one with Brazil against the Paraguayan tyrant Lopez, Argentina has had an uneventful external history but much internal political dissension.

The Paraguayan War in 1866-1868 made it necessary for Argentina to raise a loan of \$12,150,000, which was issued in London at 75 and 72½ and was repaid in 1889. With this exception the national debt has been contracted principally for railroads and public improvements, among which may be mentioned the Trans-Andean Railway and the wonderful port of Buenos Ayres.

The railroads, many of whose bonds are guaranteed by the government, have had some difficulty in paying their

interest charges, due to their being built in new and undeveloped territory, but although these have had to be funded in several instances they have never been repudiated.

In 1889 the Argentine government contracted two large conversion loans having an interest rate of $3\frac{1}{2}$ and $4\frac{1}{2}$ per cent, with which they repaid or took over practically all the earlier 6% bonds. This meant a great saving in interest charges, but in the decade from 1880 to 1890, the principal of debt had increased from \$83,266,249 to \$343,203,737, and in 1890-1891 it became necessary for Argentina to fund the interest on most of her bonds coming due between then and 1894. The outstanding principal of this funding loan of £7,630,680 was finally paid off in 1906. At this time the prices of Argentine securities declined heavily, as was to be expected, but they soon rose again to normal prices.

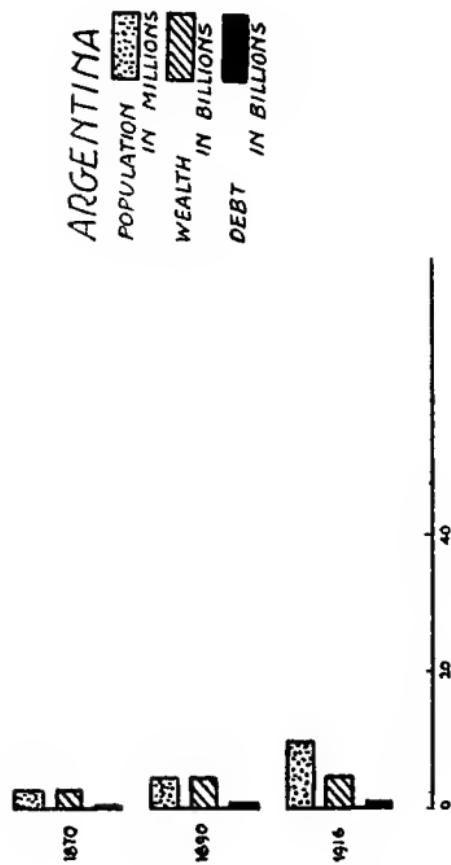
In 1893 it was apparent that the payments of interest and maturities could not be resumed in the following year as agreed, and an arrangement was made

to fund or extend the time of payment of the various loans and part of the interest charges until 1899-1901. The resumption of full payments was anticipated by one year and by 1913 the government had paid off a total of nearly \$107,000,000 of her national indebtedness.

The national debt of Argentina in 1914 was officially stated as \$545,023,470, of which approximately four-fifths is external, while a number of provincial bond issues are guaranteed by the central government.

ARGENTINA

Date	Estimated Population	Estimated Wealth	\$ Debt	Wealth Per Capita	Debt Per Capita	Relation of Debt to Wealth
1870	1,830,414	.....	47,000,000	.....	25.63	.....
1887-90	3,945,911	2,997,764,000	353,000,000	759.71	89.46	1.18%
1900	3,916,492	.....	440,000,000	.....	112.34	.....
1912-14	9,000,000	.....	545,023,470	.....	60.56	.....
1916	.....	.....	563,523,000	.....	62.62	.....



SOME QUOTATIONS ON ARGENTINE BONDS

Name % Orig'l Amt. Issued at	Railway		1882		1884		1886—87		Treas. Cons.	
	1881 6% £2,450,000	91	1882 6% £817,000	92½	1884 5% £1,683,100	84½	1886—87 5% £8,330,000	85½	1886 5% £624,000	—
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1865										
66										
67										
68										
69										
1870										
71										
72										
73										
74										
75										
76										
77										
78										
79										
1880										
81	97½	91								
82	100	89								
83	100½	92½	99	92	83½	83½				
84	101	92	100½	92						
85	99½	88	98	90	75	75				
86	103½	93	101½	94	89½	80	90½	80		
87	105	99	103½	98½	95½	85	95½	85		
88	107	100	105½	98½	100½	91½	99½	90½		
89	112½	99			101	90½	101	90½	99½	90
1890	104½	88			94½	67½	95½	69	95½	64
91	90	35			68	29	79	53	67	26½
92	59½	40			47	30	76	58½	45	30
93	60	45			50	33½	72	58	49	35
94	55½	44½			45½	38½	69½	60½	46½	38
95	63½	47			57½	39	75½	64	53	39½
96	80	56½			62½	45	87	68½	61	46
97	87	69			67	53½	96½	77½	69½	54
98	92½	80			73	61	94½	84	74	62
99	95½	87½			76½	69	96½	88½	77½	67
1900	99½	87			74½	67	95	87½	74½	67
01	101½	94			88½	70	99½	89	87½	70
02	103	97½			88½	72½	100½	88	85	70
03	104	100			96	86½	102½	97½	93	84
04	105	100			100	91	104½	98½	98½	89½
05	104	100			102	98½	104½	100½	102½	98
06					102½	99½	104½	101½	103½	98½
07					102	97	103½	99½	101½	97
08					104½	99	105½	100½	103	98
09					105	100½	105½	102	104½	100
1910					104½	101½	105½	102½	104½	100½
11					103½	100½	105½	102½	104½	100½
12					103½	100	106	101½	104	99½
13					102½	99½	104	100½	103	98
14					101½	95	104	100	102½	99
15					97	87	101	97	96	84½
16					96½	89	99½	91	92½	85

92 SOME QUOTATIONS ON ARGENTINE BONDS

Name % Orig'l Amt. Issued at	Central Railway 1888		Internal 1888		National Cedula 1888		Sterling Bonds 1889 4½ % £5,263,560 90		1889 3½ % £2,659,500	
	5% £3,968,000	91½—94—97	4½ % £3,953,900	—	7% \$15,000,000	—	—	—	—	—
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1881										
82										
83										
84										
85										
86										
87										
88	99½	92½								
89	101	92	91	81½	63½	55				
1890	93½	65	84½	56	50½	23½	83½	56	65½	43½
91	68	27½	59	26	31	14	60	26½	47	22½
92	45	25	41½	27	33	20	41½	27	33½	22½
93	48½	33	43	34½	33	24	44½	35	33½	25½
94	46½	36	44	35½	31	23½	48½	36½	33	27½
95	54	40	50	39	30½	24½	53	39½	37	25
96	66½	46	57	43½	33½	25	57	45	47	33
97	67½	53½	62	50½	33½	26½	64	52	46½	39
98	74	59	72	57	40½	32	73	59	54	45½
99	77½	65½	76	65½	42½	35½	78	69	55	47
1900	75	64½	74	65	41	35½	74½	67	53	44½
01	89½	70	77	63½	43½	37	79½	62½	62½	49
02	87	70½	77½	66	44	37½	78½	67	66½	49
03	94½	83½	87	77	46½	43½	88	77½	69	58½
04	100	86½	94	84	46½	42½	94	85½	78½	64
05	102½	97½	99	93½	47½	44½	99½	93	82½	74½
06	102½	99½	99½	93½	45½	43½	100	94	82½	75½
07	101	96	96½	90	45½	43	98	88	77½	70
08	104½	97½	98½	91	47	43½	98	91	78½	71
09	104½	100½	100½	96	48½	43½	101½	96	80	74½
1910	105	101½	102	98½			102½	98½	85	78½
11	104½	100½	102	97			102	98½	87	82½
12	104½	100	101	95½			101	96½	85	79
13	103	99½	98	92				99½	93	80
14	103	99	96½	91½			100	91½	81	77
15	100½	85½	89½	78			88½	79½	81½	69
16	96½	84	86	77			86	77½	84½	71
Name % Orig'l Amt. Issued at	Ext. R'y Loan 1909 4½ % £2,380,952 88½		Ext. R'y Loan 1910 5% £1,047,620 96½		Int. Gold L'n 1910 5% £1,209,600 101		Irrigation 1914 5% £1,367,500 98		Treas. Bonds 1915 6% £16,000,000	
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1910	96	93	99½	96	104½	100½	102	96½		
11	96½	90	100½	96	104½	100	92½	84	102	96½
12	94½	88½	101½	96	104½	98½	88	81½	103	100½
13	91	83	98½	90	104					
14	84	78	96½	89½	102	97½				
15	41	38	53½	47½	92	87				
16	47	39½	52½	44	91½	83				

SOME QUOTATIONS ON ARGENTINE BONDS 93

Name Orig'l Amt. Issued at	Funding Loan 1890 6% £7,630,680		Central Railway 1890 5% £2,976,000 87		B. A. W. S. & Dr. 1892 5% £6,324,400		Ry. Guar. Resc. 1896 4% £11,607,100	
Year	High	Low	High	Low	High	Low	High	Low
1891	68½	48						
92	78½	49						
93	75½	59½						
94	74½	63						
95	80½	67½						
96	87½	71½						
97	90½	77½						
98	93½	81						
99	97	88½						
1900	96½	89½						
01	100½	88						
02	101½	91½						
03	103½	99½	95½	86	96½	87½	80½	70½
04	105½	100½	100½	88½	101½	89½	88½	74
05	106½	100½	102½	98½	104½	98½	93½	85½
06			102½	99½	104½	98½	100½	88½
07			101	96½	103	97½	93	82
08			104	98½	105	99½	94	85½
09			104	100½	105½	100½	97½	90½
1910			104½	101½	105½	102	98	94½
11			103½	100½	105	102	96½	91½
12			103½	100	105½	100½	95½	87½
13			102½	99½	103½	100	91½	84½
14			102	98	103½	98½	88½	79
15			97	89½	100	91½	82½	78
16			91	86	97½	87	81½	74

Name % Orig'l Amt. Issued at	5 Issues 1897-99 4% £16,787,723		Port of B. Ayres 1891 & 1913 5% £7,000,000 99		Internal Loan 1907 5% £7,000,000 97½		Internal Loan 1909 5% £10,000,000 98	
Year	High	Low	High	Low	High	Low	High	Low
1898	63½	51						
99	64	51						
1900	63½	53						
01	71½	53½	84	77½				
02	71	56	86	78				
03	78½	70½	94	83				
04	86½	72½	100½	91½				
05	93	85½	104½	99½				
06	93½	84½	104½	99½				
07	89	79	103	96½				
08	89	83	104½	98	103	95½		
09	91½	85½	105½	101	104½	99½	103½	101½
1910	93	89	104½	100½	104½	101½	105½	100½
11	86½	88½	104½	101	104½	100½	104½	100½
12	89	82	104½	99	103½	100½	103½	99½
13	86	80	103½	99½	102½	98½	103	98½
14	85½	74	102	98	102½	97½	103	98½
15	93½	69½	93½	84	93½	87	95	85
16	75½	64	87½	82	89½	82½	92½	85

BRAZIL

BRASIL became independent of Portugal in 1823 and at that time took over \$7,290,000 of Portugal's obligations. The first foreign loan was made in 1824 with British interests and was for \$6,479,838. In 1827 the national indebtedness was consolidated and an attempt to create a sinking fund was made.

In 1825 the country went to war with Argentina, the outcome of which was that Uruguay became independent and the national debt was augmented by an external loan of \$3,738,312.

In 1848 Brazil was again fighting Argentina but nevertheless the decade from 1850 to 1860 was a time of prosperity and one of the few periods free from yearly deficits. It was followed by the War with Paraguay, which terminated in 1870, having cost Brazil at least \$243,000,000. This of course entailed the contracting of large foreign loans.

In 1889 by a peaceful revolution,

Brazil became a republic. Several unimportant insurrections occurred in the succeeding years but on the whole the Brazilian Republic has had an uneventful history.

There are two factors which have contributed to form Brazil's large debt: the costly wars in which she has engaged and a reprehensible habit of covering deficits with borrowed capital. Both are fortunately now things of the past. The present government is fully alive to the necessity of reducing the debt of the country and is making a great effort to economize in its expenditure in order to make the revenue meet all expenses of the government.

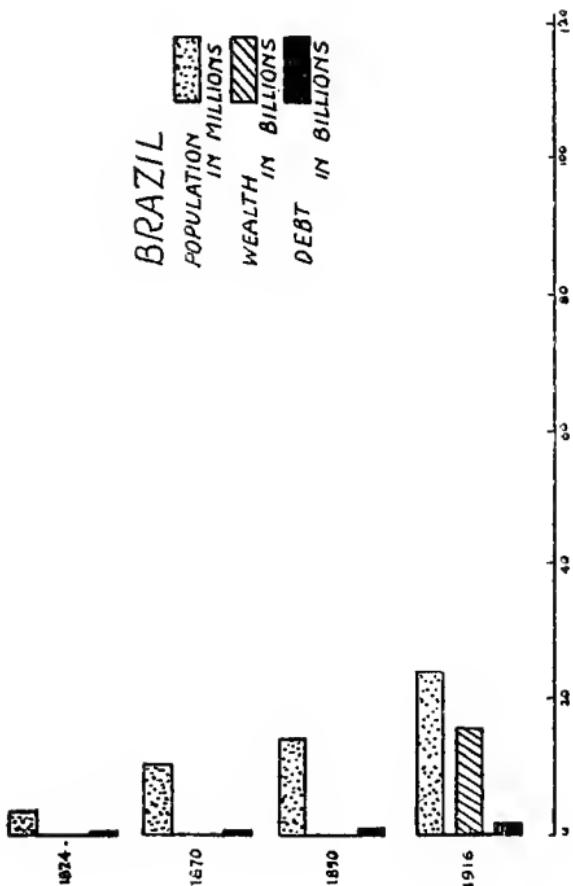
The present external debt of the nation is \$528,243,120, the internal debt is \$190,001,700 and the paper circulation amounts to \$313,022,000 of which \$289,382,000 is inconvertible.

THE EFFECT OF WARS ON

BRAZIL

Date	Estimated Population	Estimated Wealth	\$ Debt	Wealth Per Capita	\$ Per Capita	Debt Per Capita	Relation of Debt to Wealth
1824	3,817,900	.....	25,204,932*	.....	.....	6.60	.....
1848-50	5,300,000	.....	58,543,560*	.....	.....	11.04	.....
1870	10,123,054	.....	191,273,167	.....	.....	15.59	.....
1887-90	14,002,335	.....	359,640,000	.....	.....	25.68	.....
1900	17,371,069	.....	780,104,000	.....	.....	44.90	.....
1912-14	24,000,000	15,000,000,000	843,923,000	625.00	35.16	5.62%	5.62%
1916	.....	.....	1,031,266,820	.....	42.96	42.96	6.87%

*Estimated.



100 SOME QUOTATIONS ON BRAZILIAN BONDS

SOME QUOTATIONS ON BRAZILIAN BONDS 101

102 SOME QUOTATIONS ON BRAZILIAN BONDS

Name	1883	1888	1889	1895
%	4½ %	4½	4 %	5 %
Orig'l Amt.	£4,599,600	£6,297,300	£20,000,000	£7,442,000
Issued at	89	97	90	85
Year	High	Low	High	Low
1864				
65				
66				
67				
68				
69				
1870				
71				
72				
73				
74				
75				
76				
77				
78				
79				
1880				
81				
82				
83	90½	85½		
84	87	81		
85	87	82		
86	93	83	99	94½
87	96½	90½	102½	90½
88	101	94	104	100
89	102½	78	105½	99½
1890	93	73½	92½	79
91	85	53½	85½	52½
92	77	58	77½	56½
93	76½	59	77	56
94	82	58	82½	58
95	82	66	83½	67
96	80	66	80½	65
97	72½	61	74	61
98	68	44	61½	43
99	69½	56	69	55½
1900	69	57	68	58
01	77	63½	75½	64
02	82½	70½	84	68½
03	85	79½	85½	81
04	88½	77½	89	81
05	94½	83½	97½	87½
06	96	86½	97½	87½
07	90	80	94	83
08	92	83½	92	84½
09	95	84½	94½	84½
1910	101½	93½	102	94
11	100½	95½	102	97
12	102	96½	102	96½
13	98	93½	102	87
14	89	79	95	80
15	64½	52½	58½	45
16	61½	50½	61	48½

SOME QUOTATIONS ON BRAZILIAN BONDS 103

Name % Orig'l Amt. Issued at	W. of Minas		Funding Bonds		Ry. Gar. Res. 1902		1903	
	5% £3,710,000	—	5% £10,000,000	—	4% £16,619,320	—	5% £8,500,000 90 and 97	—
Year	High	Low	High	Low	High	Low	High	Low
1895	86 1/4	67 1/2						
96	82 1/2	65						
97	78	60 5/8						
98	65 1/2	42 1/4						
99	72 1/4	56	91 1/4	79				
1900	73 3/8	57 7/8	89	81				
01	84 1/4	70 1/4	95 3/4	83 1/4				
02	86 5/8	79 1/4	101 1/4	92 1/4	76	71 7/8		
03	90	84 1/4	103	99 1/4	78 1/4	72		
04	94 1/4	85	104 1/4	99 1/4	84 1/8	70 7/8	97 15/16	87 3/4
05	101	93 1/8	106	101 1/8	91 1/4	82	101 3/8	96 1/8
06	103	94 1/8	106 1/2	101 1/2	91 5/8	83	102 1/4	94 1/4
07	99 3/4	90 1/4	106	99 1/8	86 1/4	78 1/4	99 1/4	92 1/8
08	98 3/4	90 3/4	105	100 7/8	87	79	99	93 1/8
09	102 1/2	93	106	102	90 1/2	78 5/8	102 3/4	93 1/4
1910			105 1/2	101 3/8	91 1/8	87 1/8	104 1/4	100 1/2
11			105 1/4	102 3/4	89 1/2	85 1/4	104 1/2	100 3/4
12			105 1/2	99	87 1/4	81 1/2	104	100 1/4
13			104 1/2	99	84 1/2	74 1/2	103	95
14			101 1/2	95	77	64 1/2	98 5/8	92
15			99 1/2	88 1/2	56 1/2	44 1/4	92 1/2	75 1/8
16			94 1/4	84	57	42 1/2	84 1/2	76

Name % Orig'l Amt. Issued at	1908		1910		1911		1912		1913	
	5% £4,000,000	96	4% £10,000,000	87 1/2	4% £4,500,000	92	4% £2,400,000	—	5% £11,000,000	97
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1895										
96										
97										
98										
99										
1900										
01										
02										
03										
04										
05										
06										
07										
08										
09	102 1/2	93 11/16	90	86 5/8	92 1/4	88 3/4				
1910	102 3/4	99 5/8	89 1/2	83 3/8	94 1/8	90 3/8	83	79	74 5/8	72
11	103	99 1/8	87	78 1/8	95 1/2	84	82	71 1/4	64 1/2	69
12	103 1/8	99	85 1/8	71	95 1/2	75	75	64 1/2	93 1/2	55 1/2
13	102	95	85 1/8	71	95 1/2	84	82	71 1/4	67 1/2	55 1/2
14	94 1/4	89 1/2	77	60	91	41	54	40 7/8	69 1/8	55 1/4
15	70	55	56	41 1/2	59	41	57	43	69 1/8	55 1/4
16	72 1/2	58 1/2	58 1/2	44 1/4	59	45	57	43	69 1/8	55 1/4

CHILE

IN 1810 Chile began her struggle for the independence which was finally established in 1824, and in 1833 the constitution was drawn up and the country united. Her first public loan was raised in London in 1822 for \$4,860,000.

Three small revolts, boundary disputes with Argentina, Peru and Bolivia and a short war with Spain, were none of them important enough to have much effect on the general peace and prosperity of the country.

But in 1879-1882 Chile was at war with Peru and Bolivia and though she gained most of the nitrate fields, a great source of wealth, it added a large amount to her national debt. The present debt began at that time.

In 1891 civil war broke out, caused by political differences, but it lasted less than a year and with that exception Chile has had little serious political dissension. Much of Chile's debt represents money

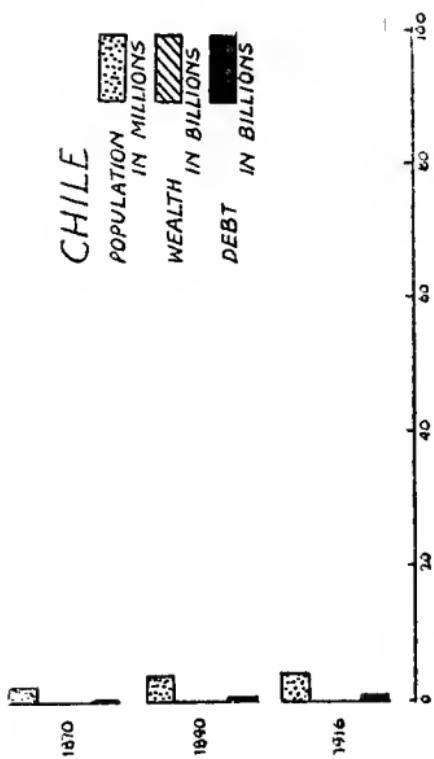
used for railway construction, harbour improvements and public works.

Chile has always met her foreign obligations. It is stated that, during the Balmaceda Civil War, on the day when payments on the external loan were due in London, a representative of each faction was waiting at the bank with the amounts due.

In 1914 Chile's total funded debt was \$209,376,082, of which \$168,901,968 was external and \$40,474,114 internal.

CHILE

Date	Estimated Population	\$ Debt	\$ Debt Per Capita
1848-50	1,083,801	.....	.....
1870	2,075,971	63,400,000	.....
1885	2,527,320	54,151,314	21.43
1900	2,924,404	109,537,275	38.52
1912-14	4,000,000	210,136,000	52.53



110 SOME QUOTATIONS ON CHILEAN BONDS

SOME QUOTATIONS ON CHILEAN BONDS

III

112 SOME QUOTATIONS ON CHILEAN BONDS

Name	1887		1889		1892		1893	
%	4½%	£1,160,000	4½%	£1,546,400	5%	£1,800,000	4½%	£630,000
Orlg'l Amt.								
Issued at		96		97		95		—
Year	High	Low	High	Low	High	Low	High	Low
1864								
65								
66								
67								
68								
69								
1870								
71								
72								
73								
74								
75								
76								
77								
78								
79								
1880								
81								
82								
83								
84								
85								
86								
87								
88	103	99½	102½	100½				
89	106½	100¾	105	97½				
1890	105	98½	100	73				
91	99½	73	93 5/8	87½				
92	94	87½	90	79½	97¾	97½	80	73½
93	89	75	96	81	96¾	82½	96	75
94	95½	78¾	99½	93	102½	88¾	96½	91
95	98½	92	96	70	104½	99¾	98½	84½
96	94	85	90	81	103½	92	93½	82½
97	88	76	85½	74	96½	82	87½	76
98	82	63	88	79	90½	73½	82½	63
99	82½	70½	94	84½	93½	80	83	71
1900	83	77¾	96¾	90½	94	87½	82½	77½
01	82	74	98	91¾	94¾	82	81½	73½
02	85½	74	99	95½	93½	83½	85	74
03	88	80	97¾	89¾	96	90½	87	79½
04	94	79	100¼	93¼	100½	89	92½	78½
05	98½	89½	98	92	103	95½	95½	87
06	97	90¾	94	86	102	95	96½	90
07	93	85	94	84½	101½	91	93	88½
08	94¾	83¾	96½	90½	101½	92½	92½	81½
09	96	90½	98	91¾	102½	97	95½	89
1910	97½	93	99	95½	103	99½	96½	90½
11	98	94½	97½	90½	103½	99½	97½	92½
12	95½	90½	94	89	102	97½	94½	90
13	93	88½	92	87	100½	96	92½	88
14	93	88	82	76	98	94½	88	84
15	82	65	82	73	90	76½	80	70
16	84½	74	—	—	91	81	—	—

SOME QUOTATIONS ON CHILEAN BONDS 113

Name % Orig'l Amt. Issued at	1895		1896		Coquimbo Rwy.		1905	
	4½ %	£2,000,000	5 %	£265,000	4½ %	£4,000,000	5 %	£1,350,000
	93½	93½	100	95½	95½	95½	95½	95½
Year	High	Low	High	Low	High	Low	High	Low
1896	95	87½						
97	94	82	95	89½				
98	87½	75	90	88½				
99	81	71½	91½	79½				
1900	83	78	93	86	75	72½		
01	82	73	92½	82½	79½	72½		
02	86	73½	93½	82½	81	73		
03	87½	79	96½	90	86	79		
04	91	79½	100½	89½	91	77½		
05	96½	88½	102½	96	94½	86	102½	100½
06	97	88	102	95	94½	89	102	95½
07	92½	82	100½	90½	90½	84	100½	92
08	92½	84	101½	92	91	82	101	92
09	95	89½	102½	96½	93½	89	102	97
1910	97½	92½	103½	99½	95½	90½	103½	99½
11	98	92½	104½	99½	95½	92½	103½	99
12	94½	87	103	96	93	89	102½	97
13	92	86	100½	95½	90½	86½	100	96
14	91	84	98	92½	87½	84	98	94
15	81	69	87	76	79½	65	88	74
16	86	71½	90	78½	—	—	89½	79

Name % Orig'l Amt. Issued at	1906		1909		Arica & Valp.		1st £4,905,000 2nd £5,000,000 of 1911		Series A.B.C. 1912-13-14	
	4½ %	£3,700,000	5 %	£3,000,000	5 %	£2,600,000	5 %	£9,905,000	5 %	£4,026,000
	92½	92½	96½	96½	96.575	98½	98½	—	—	—
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1899										
1900										
01										
02										
03										
04										
05										
06	95½	89								
07	93½	82								
08	92	84								
09	95½	88½	102	96½						
1910	97½	92½	103½	99½	102½	99½	102	99½		
11	98½	91½	103½	98½	104½	97½	102	99½	99½	95
12	97	89	102	97	102½	97	102	95	99½	86½
13	96	88	100	95	100	95½	101	93	99	93
14	93½	88½	97½	92½	96½	93	98½	90½	96½	86½
15	81½	75½	86	74	86½	74	87½	80	83	70½
16	79	73	88	76½	85½	77	90	75½	86	75½

UNITED STATES OF AMERICA

THE United States of America is fortunate among nations in having a very small national debt, approximately one-half of which is non-interest bearing. It has also a fine record for the prompt payment of interest and maturities. Since 1790, when the present form of government was inaugurated, the nearest approach to repudiation of federal debt was in 1887, when the Postmaster General declared that all stamps issued prior to 1860 were no longer acceptable for postage or redemption.

The wars in which the country has engaged have been largely financed by treasury notes or short term internal loans; the financing of the Civil War is too well known to need description.

The public debt of the United States began, of course, in the Revolutionary period, and the first external obligation was incurred in 1777, when the Continental Congress borrowed \$400,000 from

the "Farmers General" of France, a semi-official private corporation.

This was followed by many others. France, and later the Netherlands, on the credit of France, were the principal creditors of the struggling country and Spain also loaned a small amount. Altogether these loans amounted to approximately \$6,500,000, while the internal indebtedness was \$26,188,909, besides which there was in circulation about \$159,498,880 in paper money. Much of this continental currency was never redeemed, and "fell gently asleep in the arms of its last possessor."

As the Continental government found difficulty in meeting the interest on its indebtedness, several loans were raised abroad to pay the arrears of interest, but this reprehensible method of meeting obligations was resorted to only during the war and the period of organization which followed.

In 1787 Dutch bankers had purchased a considerable portion of the domestic bonds at a very heavy discount and the last loan raised to pay interest on another

loan was obtained at this time. These same bankers profited largely on their transactions in American bonds.

In 1790 when the present form of government came into existence, the total indebtedness of the United States, exclusive of paper currency, was \$52,788,722, of which \$10,098,706 was external, \$28,858,180 was internal and the rest represented back interest, officers' pay in arrears, and amounts owing for military supplies, etc. In addition to this the federal government assumed state debts amounting to over \$18,000,000.

The foreign debt was funded with an interest rate of 5% and was repaid by 1795; the domestic debt was also funded and gradually repaid, the interest rate being reduced to 6%, 5½%, 4½% and 3%, in various ways.

The years of peace from 1801 to the War of 1812 were a time of great national prosperity and expansion and a remarkable reduction of the public debt was accomplished. The total indebtedness in 1800 was \$82,976,294, to which was added the \$11,250,000 purchase price of

Louisiana. Nevertheless the debt was decreased by more than half, over \$49,000,000 being paid off by 1812.

In 1811 an attempt was made to introduce United States bonds on the London market, and the 3%'s were quoted at 65 to 70.71 and the 6%'s at 101 to 102. This effort was temporarily frustrated by the War of 1812, but by 1816 they were again quoted there; the 3%'s at 51 and the 6%'s at 81½ to 82. At the same time these were quoted in Philadelphia at 61 and 92. During the war the price of government securities had dropped, and had England continued to trade in them at this time the British investor might have made considerable profit. A 6% loan put out in 1813 was sold at 88½.

The War of 1812 added about \$88,000,000 to the public debt, and in 1816 it stood at \$127,334,933, but the following year the floating debt had been reduced to such small proportions that payment into the sinking fund recommenced.

Another period of prosperity began

and in 1836 so much had been paid off (the residue amounted to \$328,582) that the federal government distributed \$28,000,000 surplus revenue among the states.

The Mexican War did not interrupt this prosperity, and a 6% loan which partially financed it was issued at par. This war, which brought the Pacific territories to the United States, added, roughly speaking, \$49,000,000 to the national debt.

The Civil War, one of the most expensive and exhaustive wars of history until the twentieth century, is stated to have cost the government in the neighborhood of \$3,000,000,000 on the basis of all claims being adjusted. The debt of the United States in 1865 reached its maximum of \$2,756,431,571, of which \$1,110,000,000 was funded, \$1,276,000,000 was floating and \$460,000,000 was paper currency. The most popular war loan was the 6%, 5-20-year of 1862, of which \$515,000,000 was placed at par.

At the close of the war refunding and redemption operations were at once

begun and continued until 1879. The surplus revenues of these years were used to pay off the short time loans. From 1870 to 1877 refunding operations reduced the interest rate to 5%, then 4½%, and in the latter year to 4%. All issues were at not less than par. The last war loan bond was finally redeemed in 1907, when the few remaining "4s of 1907" were paid. The progress made in reducing this debt was remarkable and especially impressed Europe, where its repayment in such a short time was regarded as astounding.

During the years of war the prices of the 6s of 1881 were as follows:

Year	Low	High
April 1861.....	84½	94
1862.....	87½	107¼
1863.....	91¾	110¾
1864.....	102	118
1865.....	103½	112¾

Yet during this period of war and intense anxiety in government finance, three great public works were constructed: the Union Pacific and Central Pacific Railroads were built, being opened to the public in 1869; the trans-

Atlantic cable was laid, being completed in 1866; and the telegraph, developed as a military necessity, came into general use.

The reduction of the debt of the United States which took place up to the Spanish War may be gauged by the following summary:

Year	Debt
1865	\$2,674,815,856
1875	2,090,041,070
1885	1,375,352,443
1895	838,969,476

During the Civil War the Confederate States also issued bonds to finance their government. In all, about \$355,000,000 were sold, many of them taking the form of "produce loans," being issued in exchange for food-stuffs and cotton.

There was only one external loan raised, although many of the internal bonds were bought abroad, especially in England. This loan was made in 1863 through Erlanger & Company of Paris and was purchased by them at 77 and offered on the market at 90 in Paris, Frankfurt, London and Amsterdam. It was oversubscribed and soon rose to 95½,

but on the reverses of the Southern armies being made public, it dropped until it reached 65.

It was looked upon by most brokers as a cotton speculation since the security for the loan consisted of a large amount of cotton held by the Southern States. This cotton, however, could not, in any large quantities, be gotten out of the states until after the war should be over on account of the blockade maintained by the United States Government. The money obtained from the loan was used to finance privateers such as the "Alabama."

During 1864 the prices of these bonds on the London market fluctuated between 84 and 57. One reason they did not drop more was that the interest was paid fairly promptly, part of the principal obtained being used for this purpose. Then, too, the purchasers of these bonds hoped, indeed expected, in spite of the American minister's declaration to the contrary, that even in case of victory, they would be assumed by the United States government. After the war several

attempts were made to have this done but the idea was never seriously entertained by the Federal government. The purchasers of Confederate securities took the risk which the financiers of revolution always take and, unfortunately for them, the Confederacy was not successful.

Most of the financing of the war was done by internal loans. These fell due every six months beginning with 1864 and an effort to keep values up was made by paying them in treasury notes, which did little good as they were themselves depreciated. The only loan which the Confederacy managed to raise at home in full and in specie was the first one in February, 1861, for \$15,000,000, and this took practically all the specie of that part of the country.

Many treasury notes were issued—a maximum of at least \$700,000,000, par value of \$100, being in circulation towards the end. Some of these bore interest, some did not, and some were redeemable or convertible into bonds. At first the interest rate was 3.65% but later it became necessary to raise it to

7.3% in order to induce people to take them. They depreciated rapidly in value as was to be expected from the large amount issued without any security back of them. Of course all Confederate Government obligations became void in 1865.

Table of Confederate Bonds and Treasury Notes, showing some quotations of prices:

Year	Treasury Notes		8% Bonds	
	High	Low	High	Low
1861.....	90.0	87.5	81.9	—
1862.....	82.7	39.5	91.0	39.3
1863.....	29.0	6.3	32.1	10.8
1864.....	5.3	3.2	7.3	4.6
1865.....	1.7	—	2.2	—

The Spanish War, while small in itself, has had far reaching effects on the policy and economics of the United States, bringing as it did a large and, for the first time, colonial increase in territory. A \$200,000,000 3% war loan offered at par was subscribed seven times over and went to 106 inside of three months.

In 1897, before the war began, the national debt was \$986,656,086, and in 1899, when the war was over, it was

\$1,155,320,235. A steady reduction took place through the years to 1908, and this was accompanied by a great expansion in commerce and trade for which the war was at least partially responsible.

The war had brought no perceptible drop in the prices at which the government securities were selling and in this subsequent period they rose to a maximum of 139 $\frac{3}{4}$ for the 4%'s and 103 $\frac{3}{4}$ for the new 3%'s issued to finance the Panama Canal. These latter were issued at or above par, which shows the high credit standing of the country. They caused an increase in the national indebtedness and since then there has been no decrease, the 1916 net indebtedness of the United States standing at \$1,132,639,195 and having interest rates of 4%, 3%, 2 $\frac{1}{2}$ % and 2%. Sixty-six per cent. of the gross debt was non-interest bearing and twenty-four per cent. was bearing interest at 2%, the lowest rate.

The high level of prices maintained by United States bonds is partly due to the

circulation privilege attached to some of them.

As this book goes to press the United States is entering the great war. At once the question of finance arises.

On the basis of the relation between national indebtedness and wealth at the time of the Civil War, when an obligation was incurred equal to approximately one-ninth of the country's wealth, the present government should be able to float a loan of \$25,000,000,000 with every prospect of its forming a safe, sound and thoroughly desirable investment for the individual.

It may be objected that no such amount of loose capital exists in this country, but the same objection would have held equally true in 1861-65. An unexpectedly large quantity is probably at hand, as was proved at that time, in very small amounts, which ought to be available if it can only be reached and interested.

On the basis on which Great Britain and France are borrowing, partially, it is true, abroad, the United States, given a

lender, might with comparative safety borrow up to \$38,500,000,000.

A war loan, such as is now being discussed, of \$7,000,000,000, would mean a per capita debt about equal to that at the close of the Civil War, but a far smaller obligation in proportion to the per capita wealth.

The United States has proved that it can easily and rapidly pay off a considerable debt, and it is still a country with magnificent opportunities for development and the production of new wealth.

COMPARATIVE DEBT OF THE UNITED STATES

	Total Debt	Per Capita
1815.....	\$99,803,660	\$17.25
1865.....	2,756,431,571	76.98
1914.....	1,027,574,697	10.76
1917*.....	8,173,773,050	79.56

*Including proposed \$7,000,000,000 loan.

UNITED STATES OF AMERICA

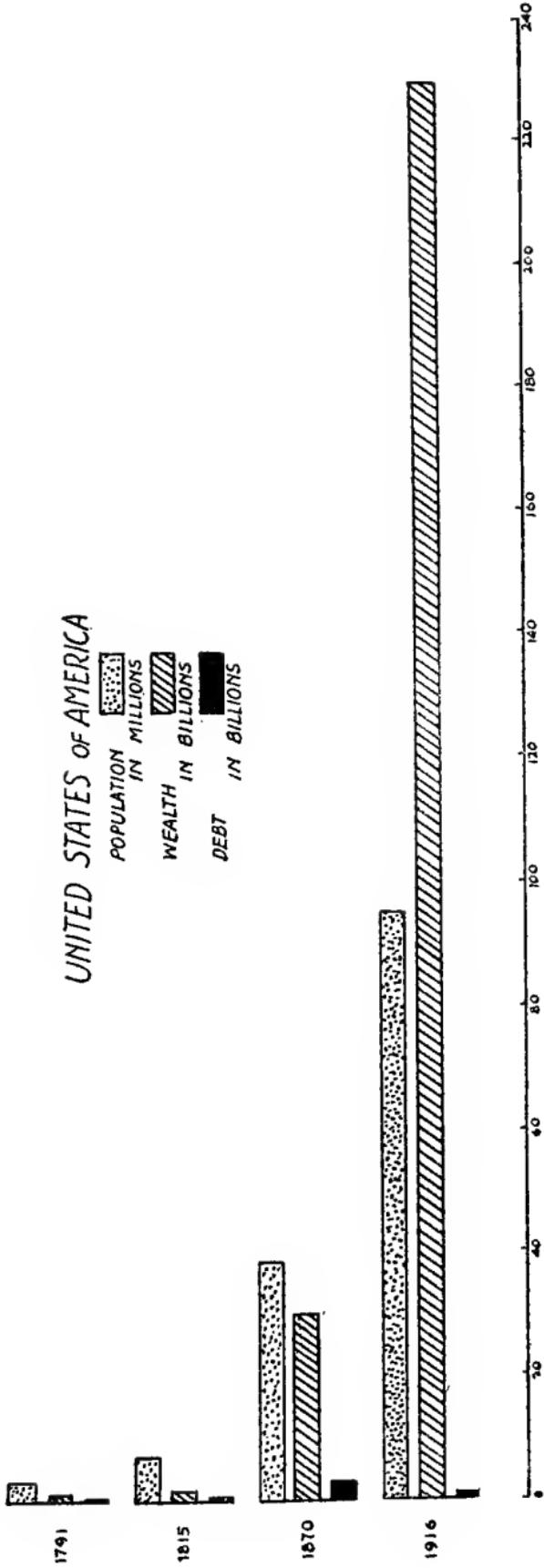
Date	Estimated Population	Estimated Wealth	\$ Debt	\$ Wealth Per Capita	\$ Debt Per Capita	Relation of Debt to Wealth
1791	3,589,063	619,200,000	75,463,476	172.60	21.02	12.19%
1800	5,308,483	1,065,600,000	82,976,294	200.75	15.63	7.77%
1814-15	7,240,000	1,680,000,000	99,803,660	232.04	17.25	7.43%
1848-50	23,191,876	7,135,780,228	47,044,862	307.69	2.07	.67%
1870	38,558,371	30,068,518,000	2,331,169,956	779.83	60.36	7.90%
1887-90	62,481,000	65,037,091,197	1,063,004,000	1,047.29	17.72	1.70%
1900	76,303,387	88,517,306,775	1,107,711,257	1,159.39	14.01	1.74%
1912-14	95,411,000	187,739,071,090	1,027,574,697	1,967.69	10.76	.55%
1916	.....	230,000,000,000	1,132,639,195	2,233.00	10.56	.48%

UNITED STATES of AMERICA

POPULATION
IN MILLIONS

WEALTH IN BILLIONS

DEBT IN BILLIONS



130 SOME QUOTATIONS ON U. S. A. BONDS

Name %	Due 1868		Due 1865		Due 1874		Due 1881		3-10 Year Notes 7%	
	6%		5%		5%		6%		7%	
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1860	109 1/2	96	103	92	103 3/4	89	95 3/4	83	106 1/4	97 1/2
61	100	86	91	85 1/2	97	75	107 1/4	87 1/2	108 3/8	100
62	103 1/2	85	99	85	97 1/2	78	110 3/4	91 3/4	122 3/8	103
63			127	96	101	85 1/2		118	102	
64							112 3/8	105	119	95 5/8
65							114 3/4	103 3/4	108 1/8	97 3/4
66							113 3/4	106 1/2		
67							118 1/8	108 3/4		
68							116 1/2	105		
69							118 1/2	112 3/8		
1870							119 3/8	110 1/4		
71							120 5/8	114 1/4		
72							123 1/8	111 1/2		
73							122 1/8	117		
74							126 1/4	118 1/4		
75							124 1/8	115 1/2		
76							115 3/4	109 1/2		
77							110 3/4	105 3/8		
78							107 1/8	104 1/8		
79							107 1/8	103 1/8		
1880							106 1/2	100 3/8		
81										
Name %	Due 1891		Due 1907		Due 1904		Due 1925		Optional Reg'd 2%	
%	4 1/2%		4%		5%		4%		High	
Year	High	Low	High	Low	High	Low	High	Low	High	Low
1876	111 1/2	108	103 1/8	106	101					
77	109		103 1/8							
78	105 1/2	101 1/8	102 3/4	99 3/4						
79	107 1/8	104	104 1/4	99						
1880	112	106 3/8	113 3/8	103						
81	116 1/2	111 1/8	118 3/8	112 3/8						
82	116 1/2	112 1/8	121 3/4	117 1/4						
83	114 1/8	112 1/4	125 1/8	118 1/8						
84	114 1/8	110	124 1/4	118 1/2						
85	113 1/2	112	124 3/8	121 1/2						
86	111 1/8	108	120 3/8	123						
87	109	103 1/8	129 5/8	124 1/2						
88	105 1/4	101 1/8	129	123 3/4						
89	107 1/6	104	130	123 3/4						
1890	112 3/8	106 3/8	126 1/2	122						
91	116 1/2	111 1/8	122	116						
92			117 1/2	114						
93			115	108						
94			116	112 1/2	119 3/4	117 1/4			99 3/4	95 1/4
95			113 1/2	110	117 1/4	112	124 1/8	118 1/4	97	96 1/2
96			112 1/2	106	114 1/8	108 1/2	120 3/8	111 1/4	96	91
97			115		115 1/8	113	129 1/2	120 1/8	98 1/2	98 1/4
98			114 3/4	107	115	109 3/4	129 1/4	117 1/4	99 1/2	98
99			115 1/2	112	113 1/2	110 1/2	134 1/2	128	102	99
1900	118 1/2	114	116 3/4	112 1/2	112 1/2	108 1/2	138 5/8	131 1/4	100 1/2	100 1/4
01	115 1/4	112	113 1/2	107 1/4	107 1/4	103 1/2	139 7/8	136 1/8		
02	113		108 1/4	106 1/2	103 1/8	103 1/8	139 3/4	136 1/2		
03			112	109 1/4	103 3/8	101 1/4	137 1/2	134 1/4		
04			108	104 1/4			134	130 1/8		
05			105 1/8	103 1/2			134 1/2	130 1/4		
06			104 1/8	101 1/8			132 1/4	129 1/2		
07			101 1/8	100 1/8			130 1/8	123 1/2		
08							123 1/2	120 3/4		
09							121	116		
1910	11						115 3/4	114 1/2		
12							116 3/8	113 3/4		
13							114 3/4	113 3/4		
14							114 1/2	109		
15							114	110		
16							116	112		
							111 1/8	109 3/4		

SOME QUOTATIONS ON U. S. A. BONDS

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Name	5-20 Year		10-40 Year		Currency		Funding	
	%	6%		5%		6%		5%
Year	High	Low	High	Low	High	Low	High	Low
1860								
61								
62								
63								
64	114	101	103 1/2	94				
65	112	98 1/8	102 1/8	89 3/4				
66	115 1/4	101 1/4	103 1/4	90				
67	115 1/4	103 1/8	104	97 1/2				
68	118 1/2	104 1/2	100 3/8	100 1/4				
69	123 1/8	106 1/8	116 1/8	105				
1870	116 1/2	106 1/4	114	104 3/4	114 1/4	109 1/8		
71	116	107	113 1/4	107	116 1/4	110		
72	118 1/2	109 1/2	113 1/8	106 3/8	117 3/8	111	113 3/4	107 3/4
73	121 1/8	105 1/2	116 1/8	103 1/2	116 1/4	108	116 1/4	106 1/4
74	122	110 1/4	116 1/8	109 1/8	119	114	117	111
75	125 1/2	114 1/8	119 1/4	113 3/4	125 1/4	117 1/2	119	113 1/2
76	124 1/4	108 1/2	121 1/4	112	128	120 1/8	119	110 3/8
77	117 1/2	105	114 1/2	106 3/8	126	120	112 5/8	105 1/4
78	111 1/4	102 1/8	109 1/8	103 1/8	122	117 1/4	107 3/4	103
79	104 1/4	101 1/4	108 1/8	101 1/4	125 1/2	110 1/2	107 1/2	101 1/8
1880								
81								
82								
83								
84								
85								
86								
87								
88								
89								
1890								
91								
92								
93								
94								
95								
96								
97								

Name	Due 1918		Due 1930		Panama Canal		Panama Canal	
	%	3%		2%		2%		3%
Year	High	Low	High	Low	High	Low	High	Low
1893								
94								
95								
96								
97								
98								
99								
1900	112 1/4	108 1/4	105	103 1/8				
01	112	108 1/4	109 1/2	105 1/4				
02	110	105 1/4	109 1/8	107 3/4				
03	110	106 1/2	108 1/4	106				
04	108	104 1/2	106 1/4	104 1/2				
05	106	102 1/4	105 1/8	103 1/4				
06	104 1/4	102 1/8	105 1/4	103	105 1/8	105 1/8		
07	104	100 1/4	106 1/4	104 1/8	—	—		
08	102	101	104 1/8	104	103 1/2	103 1/2		
09	102 1/2	100 1/4	103	100 1/4	101 1/8	100		
1910	103	101 1/4	100 1/4	100 1/4	100 1/4	100 1/4	100 1/4	
11	102 1/4	101 1/4	101 1/4	100 1/8	101 1/4	101 1/2	103	101 1/8
12	103 1/8	101 1/2	101 1/2	101	—	—	102 1/2	101 1/8
13	103 1/4	101 1/4	101 1/2	98	100 1/4	96 1/2	99	102 1/2
14	102 1/8	101	99	96 3/4	101 1/2	97	102 1/2	100 3/4
15	102	100 1/2	99	97 1/4	98 1/4	97 1/2	102	100 3/4
16	103 1/4	100 1/4	100 1/2	99	99 1/8	99 1/4	103 1/4	100 3/4

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